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# FINANCIAL TIMES

No. 26,159

Wednesday September 12 1973 \*\*\* 6p

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## NEWS SUMMARY

### GENERAL

**Fire pledges enough line**

A bombing campaign in Dublin was strongly denounced by Mr. Liam Cosgrave, the Irish Minister, who promised that his Government would take whatever action was required. We condemn without reservation these attacks. Those responsible are taking a grave disservice to the interests of Ireland, to the interests of the two States, Mr. Cosgrave said. Belfast, it was announced, Northern Ireland would be its first Roman Catholic Chief when Mr. James Lagan, now Deputy Chief, succeeds Sir Graham Wallington as Chief Constable on September 1.

### USE FINISH

Norwegian general election held in Labour and the three Socialist Election League, which includes the Communists, piling home with a one-seat victory in the 155-member parliament, according to provisional results. Page 6

### RIGHTS' protest

At least 100 Fellows of the Royal Society have sent a letter to the Prime Minister protesting "gross contravention of human rights" by Russia and the Government's "policy of repression" against the rights of the Russian people, to lift "emigration restrictions" only for "Jews and Jews, but for everyone."

### Andrew starts

Andrew started at educational Murray Public School, Gordonstown. The 13-year-old prince arrived with his new puppy—Amelia (her bull, aged 16, daughter of Lady Brabourne).

### His road back

Ummad Ali's lawyer said in London after the boxer's arrest at Ken Norton: "It will be a long time before Joe Frazier next, with winner to meet George Foreman." Foreman won the fight in a heavyweight title from Ali in 1971.

### Heart test

James McCormick, Professor of Social Medicine at Dublin University, is seeking 2,500 donors to take two aspirin tablets for five years to test a theory that aspirin can help to prevent heart attacks.

### Island threat

Irish Cabinet unanimously led to severe diplomatic relations with Britain if British ships were involved in any incidents with Irish fishing boats inside the disputed 50-mile limit.

### Liner crashes

88 passengers and six crew feared dead after a Yugoslav Airlines Caravelle on a flight from Skopje crashed on a mountain shortly after it was due to land at Zagreb.

### Defly...

Edward Heath, the Prime Minister, has accepted an invitation to conduct the Royal Festival of Britain at the Royal Festival Ground, London, on December 1. The tour of England by South Africa in 1974 has been called the Cricket Campaign said. The Moshe Dayan, Israeli Foreign Minister, will visit the early in December.

### FT PRICE CHANGES

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	De Beers Ltd. ... 354 - 9
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	F. S. Geduld ... 930 - 30
	Kloof Gold ... 605 - 20
	Rand Selection ... 320 - 20

(FT stock indices and FT-Accounts summary page 32.)

## Government moves to help building societies

# Bank deposit rate pegged

BY MICHAEL BLANDEN AND MICHAEL CASSELL

MR. ANTHONY BARBER, Chancellor of the Exchequer, yesterday intervened to protect the building societies from further competitive pressure for savings, in an attempt to avoid another rise in the cost of home loans. A limit of 9½ per cent. has been placed on the rate which the banks can pay on their smaller deposits—up to £10,000. At the same time, in a letter to banks and finance houses, the Governor of the Bank of England, Mr. Gordon Richardson, has asked them for the first time to restrain their lending to the personal sector.

The Chancellor's announcement followed a meeting between Treasury officials and representatives of the Building Societies Association, called to discuss the steep drop in receipts experienced in the last six weeks. While the societies welcomed the decision, it seems unlikely that it will prevent the recommendation this Friday of a further increase in the mortgage rate.

The Chancellor was told that the net receipts situation was so serious that the chances of a decision to delay any increase

in the rates paid to investors and borrowers, to see how the Bank directive worked, seemed remote.

Several building society leaders last night said they expected the investors' rate to rise from 6.75 per cent. net to 7.5 per cent. net. This would mean a mortgage rate of 11 per cent. In his statement yesterday Mr. Barber said the move on

Hard times for U.S. home buyers

Statements by Mr. Barber, and Bank Governor's letter, page 33

bank interest rates would "enable the building societies to take their decisions on interest rates in the confident assurance that the banks will not be seeking to outbid them for small deposits."

At the same time, he added, because there was no restriction on the rate of interest on large deposits, "it will enable the Government to continue a resolute monetary policy without creating problems for the building societies."

The official moves represent important changes in the almost complete freedom which the banks have enjoyed since the new policy of Competition and Credit Control was introduced two years ago.

The decision to put a ceiling on bank deposits implements paragraph 15 of the original document, allowing the authorities to restrain competition for small savings. The move to hold down the growth of personal lending, one of the fastest growing areas of bank advances over the past two years, represents a significant imposition of "qualitative" restraints.

At the same time, the Bank asked for further restraint on loans for property development and financial transactions, already restricted under a letter sent out just over a year ago.

Reaction among the banks was that the restraint did not appear severe at first sight. The ceiling on deposit rates has been fixed at the present level, and therefore requires no cutback in the rates being paid now.

The somewhat unexpected request to hold down the growth of personal lending was seen as

## Competition and credit control

CLAUSE 14: Notwithstanding the abandonment of quantitative ceilings, and the adoption of the above proposals, the authorities would continue to provide the banks with such qualitative guidance as may be appropriate. For example, so long as hire purchase terms control remains in force, banks will be asked that personal loans related to the purchase of goods subject to terms control should be made on no easier than those permitted by the Department of Trade and Industry for hire purchase contracts.

CLAUSE 15: The greater freedom afforded to banks by the

above proposals might lead them to compete for individuals' savings at present invested in public sector debt or in the finance of housing. The impact of such competition on savings, banks, and building societies would need careful consideration and the Bank of England would wish to discuss this matter with the banks. It might be that a need would be recognised, for example, to observe some limits on the terms offered for savings deposits. The need for such limits would be open to reconsideration in the light of changed circumstances.

the Phase Two counter-inflation policy.

Mr. Faulkner also issued a warning to big borrowers taking advantage of disparities in interest rates through "arbitrary" operations—borrowing on overdraft in order to lead a profit in the wholesale money markets. This has been one of

the main factors forcing the banks to lift their lending rates across the board in line with rates in the money market.

The whole concept of the overdraft system, he argued, could be unperfected if the system was abused. Corporate treasurers indulging in these activities, he

Continued on Back Page

## Chile in grip of military revolt: 'Allende surrenders'

BY DAVID WHITE

THE GOVERNMENT of President Salvador Allende was reported last night to have been ousted by Chile's armed forces. Radio reports from rebel-held stations, monitored in neighbouring Argentina, said the forces were in full control of the country and had declared a state of siege.

An army communique, stated Dr. Allende, had agreed to surrender to the military. He was said to have requested a ceasefire, which the armed forces turned down because of continued fighting near the presidential palace.

Mexico Radio said he had taken refuge in the Argentinian Embassy in Santiago. Several Chilean officials were reported under arrest.

A report broadcast by Radio Agricultura of Santiago said the Moneda Palace had been bombed by air force aircraft. Four people were killed in air attacks on the city, according to the report.

The palace bombing came less than an hour after the first radio announcement that the army had seized control.

Links between Chile and the outside world were cut off, with telephone and telegraph lines blocked, flights cancelled and borders closed.

According to a report from Radio Corporacion, the army had given Dr. Allende a 1600 hours GMT deadline to resign—a formality, it said, since the effective government was already in rebel hands.

It was not clear, however, whether the attack on the palace

came before or after the expiration of the army's deadline. Dr. Allende was believed to be inside the palace at the time of the attack.

He was elected President in October, 1970. The world's first Marxist head of state to come to power through free elections.

Officers of the Socialist and Communist parties—the backbone of Dr. Allende's Left-wing coalition—were also being raided by army units; Radio Corporacion said.

Before the severance of communications a radio message from the commanders of Chile's army, navy, air force and carabinieri (para-military police) had demanded the President's resignation. They said the country was in the process of being destroyed by "most grave economic, social and moral crisis."

Earlier, before (telex lines were cut off, Hugh O'Shaughnessy, Latin America correspondent, cabled from Santiago:

Fighters flew low over the Presidential palace here this morning as Dr. Salvador Allende announced that sectors of the armed forces had risen in revolt against his Government.

There was no telephone contact with Valparaiso, the principal port and naval base of the country, from which the fleet was to have sailed for Operation Unitas yesterday.

The garrison of Santiago, Dr. Allende said, had been confined to barracks on the orders of the general commanding.

Observers believe the navy may have been the instigator of the revolt, following its clash with the President earlier this month.

Dr. Allende had persuaded Admiral Raul Montero, the Navy Commander-in-Chief, to stay in office "in the national interest," despite strong pressure from within the navy to have him replaced with Admiral Marino Garcia who is considered strongly anti-Leftist.

## U.K. grain crop set for record

BY PETER BULLEN

A RECORD home-grown grain crop now looks certain in spite of earlier pessimistic forecasts. The Ministry of Agriculture end-of-August crop report yesterday showed that the grain harvest in England and Wales should total some 13.2m. tons, compared with last year's 13m. tons.

Providing the figures for Scotland and Northern Ireland do no more than equal last year's totals—and there is every indication that they will be higher—last year's record U.K. grain harvest of 15.2m. tons will be surpassed by several hundred thousand tons.

Mr. Anthony Stodart, Minister of State for Agriculture, said it was most encouraging news. Speaking from his home in East Lothian, where he saw the last of his own grain harvested yesterday, he said a thoroughly good overall cereal crop had been won because of "wonderful" weather throughout the country.

By August 31, some 80 per cent. of the cereal in England and Wales had been harvested compared with only 50 per cent. at the same time last year. Continuing fine weather since then has ensured that virtually all the harvest has been gathered.

Most of the extra grain is attributable to the increased yield and acreage of wheat. Of

the 13.2m. tons 4.9m. is wheat (compared with 4.5m. tons in 1972), while barley (7.4m. tons) and oats (0.8m. tons) remain the same. The remaining 100,000 tons is mixed corn. The wheat yield is estimated at 35.2 cwt. an acre (32.7 cwt. last year), barley 31.7 (31.4) and oats 32.3 (32.7).

The condition of the cereals crops was good with little disease recorded, and although some farmers found difficulty in gathering laid crops following the July storms, expensive artificial drying of grain was not so necessary this year.

London grain markets were largely unaffected by the U.K. forecasts. Dealers reported little trading as the markets awaited the U.S. crop estimates which are expected to throw much more light on the level of world grain supplies and prices in the coming months.

As Britain usually imports more than 8.5m. tons of the 23m. tons of grain she uses annually any increase in home supplies will help to ease foreign exchange particularly at present high-price levels.

Already this week there have been definite signs of substitution of home-grown for imported grains. The Home Grown Cereals Authority's latest figures show that processors, other than flour millers, took 315,000 tons of home-grown wheat in July

£ in New York

	September 10	Previous
1 month	\$2.410-4140	\$2.418-4215
3 months	1.201-10 1.181-00	1.201-00 1.181-00
6 months	5.00-2.25	5.00-2.25
12 months	8.00-8.90	8.00-8.90

## Electricity price rise 'urgent'

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT

THE ELECTRICITY supply industry made a small profit of £2m. in 1972-73, but it could be transformed into a deficit of nearly £100m. this year without price rises.

This became clear yesterday when Sir Peter Menzies, chairman of the Electricity Council, severely criticised Government delays in considering an application from the industry for higher tariffs.

### Application

Submitted more than three months ago, the application has been considered by the Price Commission, whose views have been in the hands of Mr. Peter Walker, Secretary for Trade and Industry, for three weeks.

Meanwhile, according to Sir Peter, the industry's finances are in a "parious state" and there is an urgent need to get back to more realistic pricing.

The 12 area Boards in England and Wales, represented by the Electricity Council, are understood to be seeking tariff increases averaging nearly 10 per cent., although one off-peak tariff, to be applied to domestic consumers, would go up by 18 per cent.

Without any rises this year, the supply industry is likely to have a deficit of between £50m. and £60m. if its winter is a mild one and up to £100m. if it is severe. This is because, at times of peak demand, use has to be made of less efficient, and expensive, means of power generation.

With a turnover of £1,800m., the industry needs a rise of 5 per cent. in a full year merely to cover a deficit of this size. But with half the financial year over, it would need an increase of 10 per cent. for the last six months to have this effect.

### Costs higher

Although the industry's £2m. profit last year compares with a 1971-72 loss of £23m., its total costs rose by £156m. during the year. As a result, its revenue fell well short of the income needed to achieve the financial objective of a 7 per cent. return on net assets agreed with the Government for the quinquennium 1969-1974.

At March 31 this year, the industry was £394m. short of the cumulative financial objective, and had no hope of achieving it.

Three main factors appear to have conspired to cause the delay in consideration of the industry's price rise claim by the Price Commission and the Government.

In the first place, electricity price increases are always unpopular politically. This one, with the industry trying to place the blame for the rise on the domestic consumers paying up economic tariffs, is more difficult than most in the climate of the Government's counter-inflation policy.

Second, consideration of the applications from the 12 area Boards in England and Wales alongside those from the two Scottish Boards has come as an added complication.

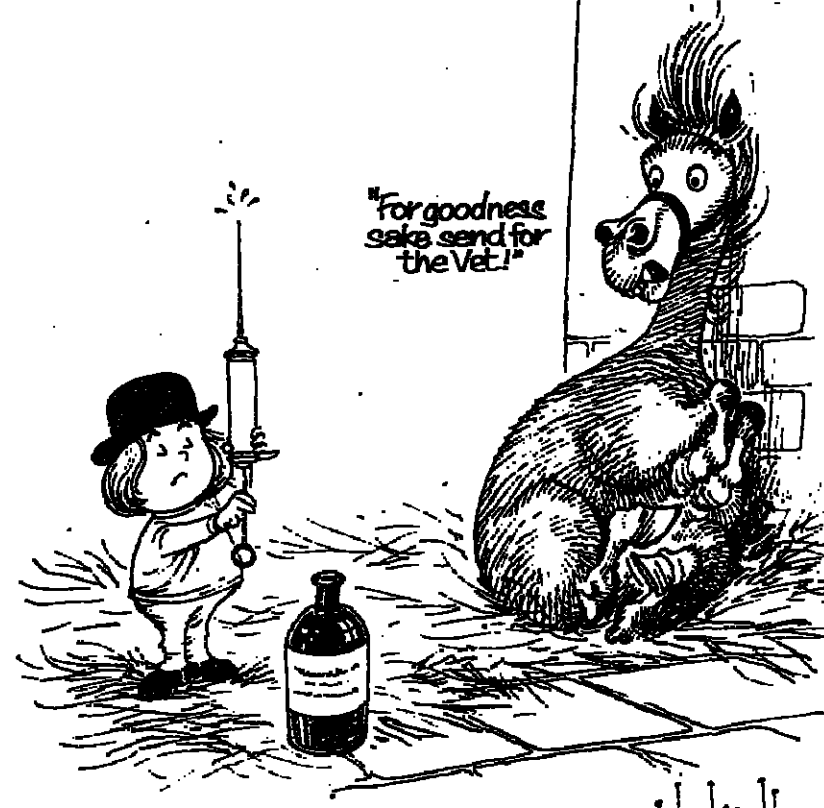
The Scottish Boards are responsible for both generation and supply rather than just supply, and their case for an increase is different from that of the English and Welsh Boards.

Finally, it was disclosed yesterday, 11 of the 12 area Boards have proposed to the Price Commission that an automatic fuel adjustment clause should be introduced into domestic and

Continued on Back Page  
Editorial comment Page 18

## ON OTHER PAGES

Appointments	14	Letters	34
Announcements	15 & 29	Law and Lombard	34
Arts, Music, Entertainment	30	Lost and Found	34
Bank Rates	30	Mining News	34
Company News	30-32	Money Market	34
Country News	30-32	Overseas News	34
Disasters	30-32	Railways	34
Education	30-32	SE Shipping and Statistics	34 & 35
Finance and Real Estate	30-32	Stock Exchange	34
Food and Drink	30-32	Theatrical and Cinemas	34
FT-Accounts Share Indices	34 & 35	The Technical Page	34
FT Share Information	34 & 35	Today's Events	34
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International Company News	34	Wall Street & Overseas Markets	34
Labour News	34	Weather Report	34
Leading Articles	34		



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11

over 50 per cent. of which I would venture to suggest will be completely wasted.

My point is that the exhibition business has become a "Jamboree bandwagon" where all the main companies vie with each other to present gimmicky images rather than products which I assume would be the main aim.

My impression of Ameripex exhibitions is that while there is a great deal of razzmatazz attached to the exhibitions, and a lot in their hospitality suites, this is easier to control and their product presentation is on a very simple format—usually in a very large separate hall in the building. In this way they are able to control their exhibition costs.

The fault seems to lie in the display. Because the

My impression of American exhibitions is that while there is a great deal of razzmatazz attached to their "conventions" and

so many exhibitions, basically aimed at a comparatively small number of important specialists and buyers (among whose first and future, prominently, the organisers will use every possible device to attract quantity rather than quality of visitors), at second the exhibitors themselves get caught up in the image spin of producing bigger and better displays irrespective of the cost and the end result.

A return to a more sane, sensible and economic method of product presentation at exhibitions would seem to be highly desirable from every point of view.

M. K. Horabin.  
13, New Quebec Street,  
London, W.1.

**patients**

Sir.—As a practising Chartered Patent Agent, I wish to state myself from the advertisement feature article entitled "Patent reform: British loss, but a European gain," published in your paper on Friday September 19th, 1913, and written by my dear sakes, to whom I have no objection whatever.

I do not share the apprehension expressed by what I believe to be a minority of British patent agents about various aspects of practice under the proposed European and common patent systems. Here there will be some loss to British patent agents, but only to the members of the profession who choose to shirk the responsibilities the new systems will bring. I believe that there will only be a small loss to the profession in Great Britain, but that will take full advantage of the opportunities which will be presented to it.

Colin Jones.  
Coopers Building, Church Street  
Liverpool.

## Events

**Events**

**To-day**

**COMPANY MEETINGS--**  
AW SECURITIES, Aberdeen Rooms, E.C. 12 (Chairman, Mr. E. M. Lindsay Fyfe).

**ALLNATT LONDON PROPERTIES**, Wycher House, E.C. 12. (Chairman Mr. K. W. Digby).

**BARAGODA LTD**, Glasgow, 18.15. (Chairman, Sir John Muir).

**BOARDMAN (K. O.) INTERNATIONAL**, Manchester, 12. (Chairman, Mr. K. Boardman).

**BRITISH DREDGING**, Cardiff, 12. (Chairman, Mr. D. M. Bowles).

**ELLIOTT (S.)**, Bee House, N.W., (Chairman, Mr. J. Frye).

11.45. (Chairman. Mr. R. A. Franklin.)

**PROPERTY SECURITY INVESTMENT TRUST.** Great Eastern Bldg., E. 12-15. (Chairman, Mr. A. R. Foster.)

**RICHARDSON WESTGARTH.** Waller 10. (Chairman, Mr. A. D. M. Boy

**MYSON TO GIVE SHOW TROPHY**


The Myson group will sponsor the premier event in the three-day Harwood Show Jumping Competition in the covered arena of Harwood Equestrian Centre, Uppminster, from September 21-23.

In addition to a challenge trophy, the Myson Group—wh business activities involve retail and domestic hardware, ventilation and air conditioning—providing prize purses total £500.

10


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adam, Mr. Garrick and  
Prince of Wales; Mr.  
Herbert: the list of  
while customers reads like  
Who's Who.  
of course, wrought their  
replaced snuff, and  
have time to smoke a  
their private box.  
you will find it as little

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to the Hausmark is



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1. *Journal of the American Medical Association*, 1997; 277: 1039-1043.



ayhouse, Oxford

## The Wolf

by B. A. YOUNG

It is hard to see why this excellent comedy by Ferenc Molnár in the repertoire of every company in the land that can boast a cast of 15 (the number varied, with some doubling, in production by Frank Hauser) three sets. It is hilariously spiced with most sophisticated wit and ingenuity of situation and it contains three mid-acting parts.

They are played here, with style that brought back memories of the days of Seymour and Yvonne Arnaud, by McKern, Edward Woodward and Judi Dench. Mr. McKern's Kelemen, a middle-aged lawyer with a pretty wife Vilma (Miss Dench) sends him into insensate rages of pointless jealousy, which he vents on a restaurant man (Mr. Woodward) comes in whom he recognises as George Szabo, a tennis partner of his.

His ferocious interrogation acts an admission from her that she had been in love, that she had kept his last, thing farewell letter. "I am going now," he said, "but I shall return, perhaps a great deal later, perhaps a famous one, perhaps only a servant going to be taken into your life."

She lies down to rest before he goes to a soirée. The next morning she is a terrible scene of night-terrors. Szabo appears in a military uniform, and she is overjoyed.

She is the Ambassador in Petersburg, and he is the Count of Szebeny. He is the Count of Szebeny, and she is the Ambassador in Petersburg.

Haydn and Bartok

by RONALD CRICHTON

William Glock at the BBC has been a tireless champion of the best generally of the symphony. This encouragement brought delight and revelation to lovers of the music. He produced a solution to the problem of making his music to be heard in the home. He produced a solution to the problem of making his music to be heard in the home. He produced a solution to the problem of making his music to be heard in the home.

## S. N. Behrman

by ANTHONY CURTIS

It is the death of S. N. Behrman that has been a matter of the passing of a master of the art of stage comedy who has left a deficit and the essential attributes of light test of touches. The current comedy; he also cultivated a gift for reviving the plays for descriptive writing and lively he (twenties and thirties may observation of real people. This directors to look again at side of his talents blossomed in the Second Man, Biography, 1940s from the theatre to New York 38, Brief Moment, Yorker journalism where he provided fine demanding achievements such triumphs as his for such matinee idols as pen-portraits of Duveen, Max Lums, Noel Coward and Ina Bernheim, Gabriel Pascal, re. Like Coward's Behrman's Chaim Weizmann, and played ground was rather different. Molnar and Robert and that of the characters in Woodward. His most recent work, plays. He came from the autobiographical Tribulations of a family, settled in and Laughter wove together the latter, Massachusetts, where various strands of his career father ran not very successful with a characteristically wry a grocery store. He gave self-deprecation. He loved the future of his book, and he wrote a memoir of his childhood. The shattering impact of the V-2s in Behrman's path to Broadway 1944 called "The Suspended Drawing Room." He revered Harvard where he took a writing course; was a rough Somerset Maugham whom he wrote a letter to; was a rough Somerset Maugham whom he wrote a letter to; was a rough Somerset Maugham whom he wrote a letter to.

## Legal and General to sponsor

RPO

The Royal Philharmonic Greater London they will make a record to receive 500,000 some 60 appearances in the the Legal and General regions; and will tour Eastern Europe in May 1974 and Spain and Portugal. The orchestra has yet disclosed its plans. The money is also being invited to Iraq, Bahrain finance concerts pro- rain and Kuwait at the New Hall, Fairfield Hall and £15,000 by Time Inc. to under- write a six-week tour of the U.S. The orchestra had a record of 155,000 in its last financial year.

## Persepolis

The Shiraz-Persepolis Festival of Arts, now in its seventh year, actively patronised by the indefatigable Empress, organised by National Iranian Radio Television (and by them carried throughout the country in nightly programmes), continues to grow. This year there are more events and more troupes than ever. Shiraz simultaneously played host to the Second Conference on Theatre in the Third World, and many "Third World" companies have come, providing the delegates and observers with live illustrations of the problems and achievements that form the matter of their daily discussions. As usual, there are two "major creations" to launch and conclude the festival: Maurice Béjart's *Golden Age of Terayama's Orogen* and *Golden Age of Terayama's Orogen*. There is the usual infusion of "international avant-garde," balanced again by the recitals of timeless traditional music, this time mainly Persian and Indian, drifting into the jasmine-scented garden around the tomb of Shah. And I have said it before, but the charm remains unaltered—there is the culture of the Pers country itself, with its high, dry, stimulating heat and its powerful natural beauty. The wise festival visitor plays hooky from time to time, and gets out into the plains and the mountains to visit nomadic tents, climb to Sassanian palaces, and bathe in the sudden, sparkling rivers.

This year, only one event, *Golden Age of Terayama's Orogen*, was held in Shiraz. Darius's tremendous palace is about an hour away, by bus or car. The site was sterilised in 1971, when the costly jumble of shanty shops and tea-houses at the foot of the processional stairway was razed to make a formal high ground on which 25 centuries of Persian monarchy, non-stop since Cyrus, could be celebrated. The site of the hills have been and its basic idea from the tale of the king who meditated his way into the divine realm. The approach across a bare, beautiful plain. Newly planted trees, too far from the track to give shade to the traveller, blot out his sight of the majestic monument. The nearest food is now a sultana half-hour's walk away. But up among the palaces or on the

## Television

## Afternoon men

by CHRIS DUNKLEY

It is just about a year since the Government lifted all restrictions on the hours of broadcasting and it became possible to transmit programmes round the clock. The excited chatter which immediately broke out last night, when the first breakfast shows and night programmes were shown, was a welcome sign of the new freedom. The BBC, chronically short of money, has had to resort mainly to re-broadcasting of daytime programmes. The BBC, chronically short of money, has had to resort mainly to re-broadcasting of daytime programmes. The BBC, chronically short of money, has had to resort mainly to re-broadcasting of daytime programmes.

That was at the beginning of July, and I have been watching the afternoon programmes ever since. They break down under three rough headings: the first is the *Cuckoo* in *The Nest* and *Mr. and Mrs. Green*. Of these just one is a public party, the show of the type made familiar by Michael Miles and Hughie Green: Mr. and Mrs. Green, married couples into the studio and, with the lure of small prizes, seeks to discover how well the partners know one another.

The true nature of the programme is characterised by a tang of Wilfred Pickles at his most trivial, sentimental and silly, and a typical exchange between question master and contestant is: "Does your wife squeeze the toothpaste tube from the bottom, the middle or the top?" "She doesn't use toothpaste, she uses dentures." At this the soundtrack is filled with the noise of an audience going mad to pieces, writing in the aisles and gnawing the carpet pile down to the hessian. The other three programmes in this category are all panel games, with the invited contestants competing to tell old jokes on a nominated subject (*Jokers Wild*), to identify the interprogrammes, and to identify the interprogrammes, and to identify the interprogrammes.

There is a traveller lost in the desert. He encounters a troop of men. Night falls, the wind arises and an enchanted rose garden appears. Twelve men strip to the waist and start dancing. Roses appear, the women of the company. Jorge Donn appears, a rose painted on his torso, and dances; he is "the Light-bearer." Suzanne Farrell appears, and dances; she is the "Rose of the Desert." The single Rose is now the Garden Where all loves end. The gardens disappear and the traveller is left alone. The piece lasts perhaps 90 minutes—and it seems longer.

The score is a pot-pourri of Persian traditional music, bringing together Baluchi folk strains, the sounds of the Zurna (the ritual gym), and, mainly, Persian "classical" music. This was brilliantly performed by a Shirazi virtuoso ensemble—but

some smack a little too strongly of the W.I. and the recent programmes have all been repeats. Among these was one jewel, a programme in which presenter Mavis Nicholson interviewed Peter Cook and Dudley Moore, insisted on a fair degree of seriousness, and succeeded in producing occasional moments of insight which would have done credit to the old *Face To Face* series.

It was the third category, however, which delayed this article for so long: the soap operas. Warm and amusing, light programmes arrived Britain last night only two weeks after the first of this school: *ATV's Crossroads* and Granada's *Coronation Street*. Now there are five or, arguably, six—the new ones being *ATV's* *Emergency* and *Granada's* *Coronation Street*. *Emergency* is a new medical drama, *Coronation Street* is a new medical drama.

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Fraser Hines in 'Emmerdale Farm'

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## WORLD TRADE NEWS

## FRANKFURT MOTOR SHOW

## Boost for domestic market

BY ANDREW HARGRAVE

THE MOTOR SHOW which opens in Frankfurt to-morrow, the first in West Germany for four years — will be primarily aimed at reviving the domestic car market which has shown signs of flagging in recent months.

While not altogether pleased with the latest forecast by the IFO Research Institute, predicting further growth for the rest of the decade but at a slower rate, the manufacturers hope that the new or revamped models announced recently as well as the show itself will inspire renewed interest by the buying public.

Unlike the British market where foreign cars have made their major penetration only in the last year or two, the West German one has traditionally been an "open sesame." Over a quarter of all registrations have been imports, with French and Italian cars leading.



The Ford Mustang II—one of the two brand new models on show.

## Renault share

Renault, with a market share of around 7 per cent, has recently topped Fiat whose share has declined to 5.5 per cent. In the past 18 months, Chrysler-Simca follows with around 4 per cent, British Leyland is very much among the also-rans, although its share has been rising from 0.6 per cent. in 1971 to around 1 per cent. now.

One piece of evidence that British motor and accessory manufacturers are attacking the West German market, particularly in view of the European Community membership, is provided by the large number of exhibitors at the Frankfurt show. Britain, with 98 entries, easily leads the list of 452 foreign exhibitors, ahead of Italy (87) and France (87).

The majority of the 1,200 exhibitors are, of course, from the host country. They have a market to protect. On the passenger car front, Opel, the General Motors subsidiary, is attempting to hold the substantial lead it has built up (nearly 22 per cent. of all registrations in the first seven months of this year) but the

July figures contain the hint of a come-back by Volkswagen (18 per cent. share). Ford's decline has continued this year, with a market share of only just over 12 per cent. 2.5 per cent. less than in 1971, while the Volkswagen-owned Audi-NSU, thanks to its successful Audi 80, is coming up fast behind with an 11 per cent. share.

The show itself has little to offer by way of brand new models. Only two in the halls come in this category, one the 1,600 cc Beta-coupe by Lancia, the Fiat subsidiary, and the other a smaller edition of the Ford Mustang from the U.S.

## New versions

The new Opel Kadett and Volkswagen's Passat (its own version of the Audi 80) as well as three "pop" variations of the "Beetle" are already on the market. The "quality" manufacturers, BMW and Daimler Benz, will show new versions of the existing models as well as Mercedes replacements while Porsche is to display a study model of a non-rusting, long-lasting (but presumably very expensive) car.

On the economic side, the

West German car industry presents a very varied picture. Daimler Benz and BMW (particularly the latter) had excellent results last year which is reflected in their dividends of 18 and 16 per cent. respectively. Volkswagen, still the overall industry leader in Germany in terms of sales value, produced only a modest profit and paid a 9 per cent. dividend. The latest results of two U.S. subsidiaries reflect their market share movements, with Opel excelling and Ford declining.

West German vehicle manufacturers export well over half of their output, none more so than Volkswagen which has an export share of about 85 per cent. The repeated currency changes of recent years have meant a serious threat, particularly vis-a-vis competitors whose currencies have steadily declined against the DM.

The possibility of stringent and cost-inflating safety and anti-pollution measures in the EEC, but particularly in the U.S., have also been casting a shadow over the prospects of West German manufacturers. That is why they have increas-

ingly been looking to the Third World, especially Latin America, for both production facilities and as a growth market. This year 350,000 vehicles, one in every four West German units sold abroad, is expected to be produced in facilities outside Germany: in Brazil alone, Volkswagen manufactures about 350,000 cars a year. This anxiety about the future is reflected in the numerous forums and seminars which accompany the ten-day show. But in the meantime, the manufacturers expect a record year, with over 4m. units produced, to make last year's 4.3 per cent. decline just a bad memory.

## SWISS PLAN FOR PEKING FAIR

By Our Own Correspondent

ZURICH, Sept. 11.

A total of 182 companies are to participate in a Swiss industrial exhibition to be held in Peking from August 7 to 20, 1974. The show, which will be bigger than those of Denmark, Sweden and Canada last year and the planned Dutch and Austrian exhibitions, will consist primarily of exhibits of machinery, chemical products and watches.

## Japan's steel plant sale to China 'in final stage'

BY CHARLES SMITH

TOKYO, Sept. 11.

A SPOKESMAN for Nippon Steel, Japan's largest steel manufacturer, told the Financial Times to-day that negotiations are "coming to the final stage" on the export of a ¥100,000m. steel mill to China. However, the spokesman denied reports, published in the Tokyo Press, that the contract was already agreed in principle and would be signed on September 22, the anniversary of Japan's "normalisation" of its diplomatic relations with China.

The date of September 29 was not "definite at all," the company said and there was still a chance though not a strong one, that the steel mill contract might be placed elsewhere.

## Difficulties

Nippon Steel claims that certain technical problems are still causing difficulties in the talks with China. The company believes that China is maintaining its contacts with Mannesmann of West Germany which also tendered for the steel plant contract. The Chinese have told Nippon Steel that a German delegation is still in Peking.

The Chinese are believed to have expressed interest in buying a big steel plant from Japan soon after the two countries re-established normal relations last autumn. However, detailed negotiations between Nippon Steel and the Chinese importers began only a month ago in Canton and there are still doubts

about the full list of Japanese companies which might be involved with Nippon Steel in supplying the steel mill. One possibility is that Kawasaki Steel might gain a large share of the contract, but Kawasaki is still negotiating independently with the Chinese authorities—not in conjunction with Nippon Steel.

The Chinese are apparently aiming for a hot strip mill with a capacity of 3m. tons a year and a cold strip mill with a 1m.-ton capacity, both of which would be larger than any existing Chinese installation. There has been no talk yet about the way in which China would pay for the plant.

The Chinese have repeatedly refused to accept bank loans or credit lines offered by their non-Communist trading partners. But this does not necessarily mean that China would reject some form of deferred payment arrangement for the steel mill if it could be convinced that this was standard international practice.

## Trade mission

The story of Nippon Steel's Chinese contract broke on the eve of the arrival in Tokyo of a 33-man Chinese trade mission headed by an official of the Chinese Council for the Promotion of International Trade. The mission will be meeting senior Japanese ministers including the Prime Minister, Mr. Tanaka, and will be shown about 50 Japanese

## Hawker Siddeley showing Nimrod to Japanese

BY CHARLES SMITH

TOKYO, Sept. 11.

U.S. Lockheed P3C—which the Japanese defence forces are believed to be considering for its new anti-submarine arm.

Of the three, the Nimrod is the most sophisticated, although it could also prove more costly than either the French or the American aircraft.

If Japan did decide to equip itself with Nimrods it would probably wish to manufacture the aircraft under licence rather than to import it direct from Britain. A further possibility is that Japan might design and produce its own anti-submarine aircraft. But in this event there would still probably be scope for technological ties with British or other Western aircraft companies.

Hawker Siddeley is one of 19 British companies expected to attend the aerospace show, making the British attendance the biggest from any foreign country. Other British companies to attend include Rolls-Royce (1971), BAC, Short Brothers (which will be showing the Islander, Ferranti and Hunt-

The British delegation at the air show will be headed by Mr. F. R. Sison, deputy managing director of Smiths Industries and president of the Society of British Aerospace Companies.

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## Panama looks at Spanish steel plants

By Our Own Correspondent

MADRID, Sept. 11.

THE PANAMANIAN Government has sent an official mission to look at Spanish steel plants and establish first contacts for the eventual installation and operation of a 120,000 tons a year steel plant in Panama.

First reports indicate that the Panamanians may invite the INI Spanish State-controlled industrial holding group to participate in an envisaged joint Panamanian-Spanish enterprise and that Spanish banks may provide the necessary credits to help finance the installation and the exports of Spanish-made equipment for the projected steel plant.

The official visit almost coincides with a private visit to Spain by the Panamanian President, General Omar Torrijos.

## Helsinki Technical Fair opens

By Our Own Correspondent

HELSINKI, Sept. 11.

THE HELSINKI International Technical Fair opened here to-day with more than 200 exhibitors representing over 1,000 companies. Six of the 10 countries with official stands are from the Eastern bloc, reflecting the growing interest in the Comecon countries in the Finnish market.

The British official stand is sponsored by the British Overseas Trade Board of the DTI and the London Chamber of Commerce. Some 20 British exhibitors are showing machine tools, hydraulics, pumps, power-operated floor maintenance equipment, printing machines, electronic measuring equipment, etc.

The main product groups of the Fair are industrial electronics, electrical industry, machine tools, hydraulics and pneumatics. The Association of Finnish Metal and Engineering Industries and the Association of Finnish Electrical Industry are holding an industrial electronics seminar on September 14, the day before the Fair closes. It will devote special attention to the use of electronic control systems in production planning and control.

## CBI wants new system of GATT safeguards

By John Griffiths

A NEW SYSTEM of GATT safeguarding, which would allow nations to take protective action against the imports of any individual country in case of real damage to its domestic industry, is called for in a study published to-day by the Confederation of British Industry's Overseas Directorate.

The proposal is perhaps the most significant in the document which in a wide-ranging survey of the new GATT negotiation opening to-day in Tokyo, declares British interests to be finally in an open world economy and call for much closer government industry consultation in its negotiations.

It cites the ineffectiveness of Article 19 of GATT — the existing safeguards clause — as being almost entirely due to governments' reluctance to invoke safeguard measures which must, currently, be applied multilaterally, with the attendant risk of political illwill and retaliation.

However, the study also accepts that discriminatory measures which were too easy to invoke could reduce the benefits of the most-favoured nation clause as it open to abuse.

## Time limit

Conditions could be built in Article 19, the study asserts, which would prevent the clause being used to grant continuing protection to an inefficient industry by imposing a time limit, of perhaps five years, by progressive relaxation of safeguards as domestic industry adapted or resources were transferred elsewhere.

To ensure the safeguard proper functioning, the study insists that, given continuing international surveillance, it should be possible to restrict retaliation to that which have been sent to arbitration and rejected by one of GATT signatories.

The document also lays stress on the importance of dismantling the increasingly large list of non-tariff barriers stemming from the Kennedy Round tariff cuts, considering them to be now a bigger hindrance to trade than tariffs themselves.

## Fundamental

Despite the average reduction of just over 35 per cent. in the Kennedy Round, the study sees tariff-cutting as again playing a fundamental part in the negotiations.

It rejects as "impractical" a U.S. proposal, supported by Japan, for abolition of all industrial tariffs on the grounds that to do so would create immense social problems and lead to adoption by governments more subtle protection measures. The EEC's own proposal, for "simple formula" under which tariff reduction would depend on the initial level of the tariff would lead to greater harmonization.

The Multilateral Trade Negotiations: An Industrial Assessment. Published by Confederation of British Industry. 50p.

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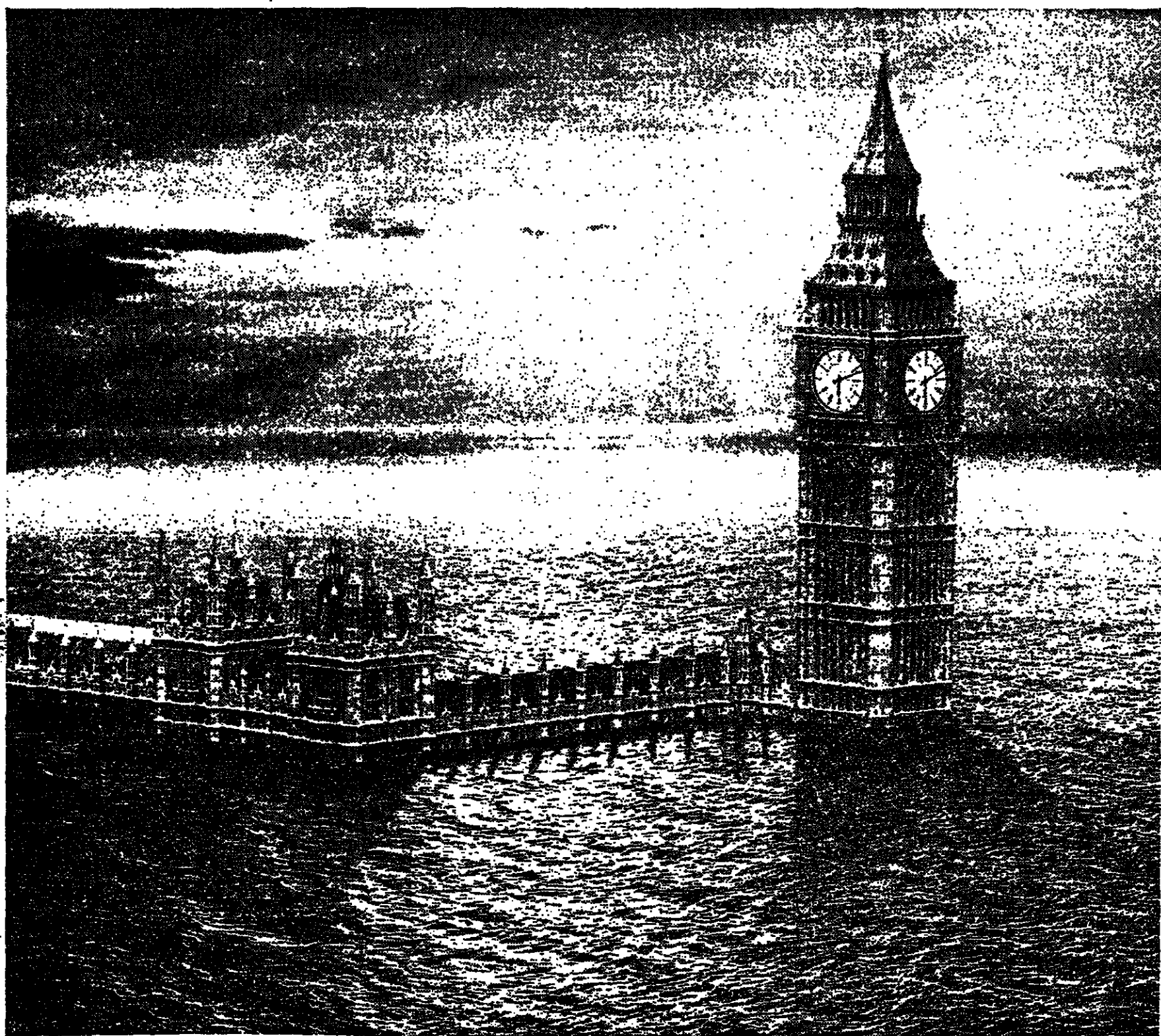
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## AMERICAN NEWS

## New York brokers lose \$53m. in a month

BY NICHOLAS COLCHESTER, U.S. FINANCIAL CORRESPONDENT

NEW YORK, Sept. 11.

THE New York Stock Exchange has lost about \$53m. in the month of August, the largest loss since the exchange was founded in 1792. The losses of the Wall Street brokerage business have resulted from a depressed stock market and from a low level of trading volume that seems to symbolise a general disinterest in the stock market as a place to invest and as a place to deal.

The Exchange has asked the Securities and Exchange Commission for a 10 per cent. rise in overall commissions designed to increase the annual revenue of NYSE members from around \$3,000m. to \$3,300m.

The continued drain on the resources of an industry that is not liberally endowed with capital creates an underlying sense of unease as the brokerage houses glumly continue with their work. So far there have been no major disasters, only a steady stream of discreet reports of salary cuts and layoffs, but investors must naturally wonder how long this uncomfortable calm can persist.

Over the first seven months of this year there were mergers involving 20 of Wall Street's firms. Merging appears to represent the most constructive way in which troubled firms can adapt themselves to the lack of business on Wall Street.

The wave of mergers so far this year has prompted Barron's magazine bitterly to remark that "merging Wall Street firms is like rearranging deck chairs on the Titanic."

## House committee may end work on trade Bill soon

BY ADRIAN DICKS

WASHINGTON, Sept. 11.

CONGRESSMAN Al Ullman, the ranking chairman of the House of Representatives Ways and Means committee, said last night that he was confident that the committee would be able to finish work on the trade Bill by the end of this month or early October on a trade Bill that would give the Administration authority to conduct "meaningful" negotiations.

But he warned during the course of a discussion sponsored by the American Enterprise Institute that there was no question of the Congress agreeing to give the President unconditional powers and that would insist on retaining veto powers in the area of trade policy.

Mr. Ullman, who has been presiding over the Ways and Means committee's lengthy deliberations on the Bill in the absence of the House of Representatives, did not go into any details of how he thought the powers would be exercised. He did predict some modification of the closed rule procedure which has been applied to Ways and Means Committee Bills in the past: this would leave the trade Bill, or at least some sections of it, open to amendments from the floor of the House.

Mr. Ullman made clear that he thought it would be irresponsible to open up the Bill entirely, and that he would resist pressures to do so as far as possible. But he said it now appeared inevitable that at least some titles would be opened up, "and I think they should be."

On the subject of most-favoured nation status for the Soviet Union, which promises to give the Administration's proposals more delay than any other single aspect of the Bill, Mr. Ullman said he thought a satisfactory compromise could be reached without failing to meet the deadline.

The House of Representatives is expected to vote on the Soviet Union's behaviour towards its Jewish citizens wishing to emigrate.

Congressman Ullman said he agreed with the Administration that the strengthening of world peace depends on an expansion of trade with the eastern bloc. He hinted that some guarantee that Soviet treatment of people wishing to emigrate would not fall below a certain standard might provide a way out of the problem, but said that past experience, on top of the Soviet authorities' recent attitude towards Alexander Solzhenitsyn, Andrei Sakharov and other dissenters made it far more difficult for Congress to look for a compromise.

President Nixon, in his message to Congress yesterday, said the Administration's regard for the Soviet Union as an essential and integral part of the trade Bill. However, senior officials in the White House concerned with the strength of Congressional opposition have hinted that the Administration might be willing to drop it in order to get a negotiating mandate for the multilateral trade talks, and to reintroduce it as a separate piece of legislation at a later time.

## FTC oil quarrel develops

BY NICHOLAS COLCHESTER, U.S. FINANCIAL CORRESPONDENT

NEW YORK, September 11.

CURIOUS argument has developed between the Federal Trade Commission and the Treasury Department, two arms of the U.S. Government, over the merits and demerits of the important anti-monopoly complaint brought against the eight largest U.S. oil companies by the FTC.

To-day Mr. James Halverson, the director of the FTC's Bureau of Competition, roundly rejected the Treasury Department's criticism of the FTC's action stating that the Treasury did not understand the action and lacked "complete and relevant data."

These remarks were part of a letter sent by Mr. Halverson to Treasury Under-Secretary William Simon, the official who last week issued a 63-page critique of the FTC's complaint, concluding that it was inaccurate, biased and misleading.

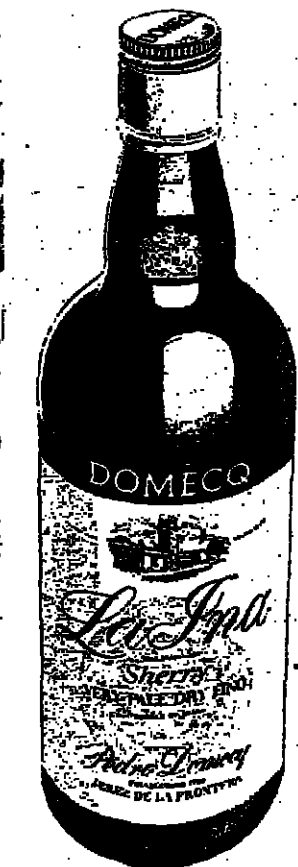
Mr. Simon heads President Nixon's Oil Policy Committee, the body that wrestles with the problem of the evolving energy crisis. His arguments last week echoed those of the industry in maintaining that the FTC is incorrect in imagining that the industry appears something of a shortage of petrol that has been felt in some parts of the U.S. this summer and the dearth of heating oil that is forecast for this winter are the result of "minor anti-competitive actions on the part of the major oil companies." The real reason, said the Treasury Department, was a combination of Government laws and policies to which the oil industry was merely reacting.

Mr. Halverson to-day answers that the FTC never accused the industry of causing an energy shortage but rather that it used an existing shortage by manipulating it to the competitive disadvantage of independent oil refiners and marketers.

"The issuance of the complaint by the FTC will," he continued, "subject to public examination for the first time data which go beyond summaries compiled by the industry and will subject the operations of the industry to vigorous examination of adversary proceedings."

Observers are puzzled as to why the two agencies have chosen to wax so vocal on this matter but most comment that this overt argument is in the oil companies' interest, risking the industry appear something of a pawn in a bout of competitive reputation-building between Government officials in Washington.

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## Last Canadian rail strikers return

VANCOUVER, Sept. 11.

RAIL WORKERS in Vancouver, who defied Federal back-to-work legislation for 10 days, began returning to their jobs to-day.

The workers, the last to hold out in the nationwide rail strike, said that if any union member receives "so much as a 10 cent fine," because of the hold-out they will walk off the job again.

Six union members were served with summonses on the week-end for defying the September 1 legislation. All of the cases were postponed on Monday when the six appeared in a Vancouver court. Rail workers in other parts of the country returned to work last week. The expected trains to begin clearing up the backlog immediately, cover voted on Monday to UPI.

## Hopes rise of averting Chrysler strike

DETROIT, Sept. 11.

THE UNITED Auto Workers (UAW) and Chrysler in their efforts to avert a strike on Friday, bargained late into the evening yesterday for the first time since their talks started in mid-July.

The evening sessions involved three sub-committees that sought to resolve differences over the costs of certain fringe benefits. It followed extended sessions during the day by a super-sub-committee, composed of senior negotiators from both sides. All of the developments seemed to be interpreted in Detroit as an encouraging sign.

Apparently Chrysler still has not given the UAW a complete, formal response to the detailing of demands by top union negotiators in the "super" sub-committee last week. Such a full response, indicating a major improvement over the initial economic offer Chrysler made three months ago, is still expected, however. It is considered vital to any final effort aimed at averting a strike.

Yesterday's sessions, concentrating on costs, were viewed as a prelude to such an offer and seemed to hearten union representatives.

AP-DJ.

Demand for mortgages in the U.S. has not been checked by rising interest rates. But as Candace Cuniberti reports from New York, funds are beginning to dry up

## Hard times for home buyers

THE U.S. GOVERNMENT would like to make a few well-placed pin pricks in the ballooning economy—just enough to let off steam, but not bring on a collapse. Inflationary fatalism seems to be the order of the day, however, and that makes the Government's job even more difficult. People are adjusting to the cost of inflation and seem to be willing to cope with the rising interest rates which inflation brings.

In the home loan field money has been scarce for the past two months, and the interest rate on mortgages has risen to 9 or 10 per cent. on prime property loans—a rate not seen since the early 1930s. Bankers expected, even hoped, that the rate rise would discourage borrowers and take some of the pressure off the mortgage markets. Instead, home loan demand, which had been heavy during the first quarter of the year, continued unabated. Discouraged bankers suggested that perhaps another round of interest rate rises might do the trick.

## A repeat performance

"Disintermediation" is the problem, they claim. That is a banking term coined in 1966 when customers withdrew their savings and bought Treasury Bills or Federal Funds themselves, so that deposits were depleted. The banks ceased to be an intermediary in the market. To-day the same thing is happening again. In July, Savings and Loan Associations had net savings outflows of \$313m., not nearly the level of \$1,000m. of July 1969, when the country was in the throes of a similar credit squeeze. But still it has been enough to make the S and Ls the major source of mortgages, hard up for cash. Estimates have placed the August savings out-

flow at over \$1,000m., which some fear may dry up the market completely.

Oddly enough, the housing market has not responded in as dramatic a fashion to the mortgage money crisis. Housing starts in July hit an annual rate of 2.2m. units, only slightly below the January record, and prices still seem to be holding firm. Forecasts for the rest of the year and for 1974 are not nearly as bright, with the annual rate expected to drop to 1.5m. units before the market bottoms out.

To alleviate the pressure on the S and Ls, the Federal Home Loan Bank Board recently permitted them to offer more large certificates of deposit with no interest ceiling to their customers. Previously large companies—those of \$100,000 or more—were limited to equivalent of 5 per cent. of savings deposits. Now the thrift institutions are allowed to have 10 per cent. of the deposits in large companies. Earlier the Board had reduced the cash reserves which S and Ls were required to keep, and permitted higher interest rates to be paid to savers—including a four-year Savings Certificate with no interest rate ceiling—all in an effort to keep funds available to the mortgage market.

None of this has made an appreciable difference to the S and Ls, which now have to pay 10 or 11 per cent. interest on the funds they are buying in. As a consequence banks have been just about accepted at the beginning of the year are now the major source of mortgages, hard up for cash. Estimates have placed the August savings out-

With credit tight and banks having to turn down their customers' loan applications, the blame on the Savings and Loans Association, and the S and Ls point accurately at the commercial banks. The consumer credit book accounts, credit cards and other customer services which have previously

been the exclusive domain of the commercial banks.

In addition the thrift institutions would be allowed to offer consumer loans and invest in corporate bonds and commercial paper. At present the S and Ls are severely restricted in their scope to lend and to invest.

The end result of the White House proposals is to place the commercial banks and the S and Ls on a more equal footing. The commercial banks have been rather less enthusiastic about these controversial proposals. They almost unanimously claim that customers and non-

customers are given the same consideration on home loan applications on a first-come-first-served basis. They seldom fail to point out that the savings banks are less equitable, often refusing to lend to people who do not save with them when the credit gets tight.

Under normal circumstances, S and Ls have ample funds available for home loans because they are permitted to give their depositors a slightly higher rate of interest on savings accounts than the commercial banks. But where commercial banks can make all manner of loans, the S and Ls generally speaking, can only lend money for mortgages. In practice, then, the S and Ls give more mortgages and at a lower rate of interest than do the commercial banks, which have so many more attractive outlets for their funds, than a 30-year investment at a fixed rate of interest. Mortgage rates in the U.S. are not flexible, and are assigned for the duration of the loan. The new proposals would permit S and Ls to offer cheque book accounts, credit cards and other customer services which have previously

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## EUROPEAN NEWS

## NORWAY'S GENERAL ELECTION

## Hollow 'victory' for Labour

BY FAY GJESTER

OSLO, Sept. 11.

NORWAY'S Labour Party suffered a humiliating defeat in the Parliamentary elections yesterday. Its share of the poll fell to 35.5 per cent. from 46.5 per cent. in the last General Election, four years ago, and it now looks like getting only 62 seats in the new, 165-member Storting (Parliament) compared with 74 out of 150 in 1969.

Despite this result—the price the Party had to pay for its support of Norwegian EEC membership a year ago—it is virtually certain that Labour will form the next Government, replacing the present "mini coalition" of Centre Liberal and Christian Peoples Parties. This is because many voters who deserted Labour went over to the new anti-EEC Left Alliance (of Communist, Socialist, Peasants' Party and Independent Socialists).

The Alliance scored a resounding success, well ahead of all opinion poll forecasts, winning 16 seats and 11.2 per cent. of the popular vote. This gives Labour the Alliance together a majority of one over the six non-Socialist Parties.

**Very close**  
The race between the Socialist and non-Socialist camps has been very close, however—closer than any election since the war.

The task of counting the votes has been complicated by the many parties contesting the election—about half a dozen new members in addition to the seven already represented in the Storting.

This has meant that in many constituencies seats have been lost or gained by margins of just a few hundred votes—in some cases of a few dozen. When

Norwegian TV closed down its election night programme, in the small hours of this morning, the Socialists seemed to have won. Then a count of postal votes in one district swung the balance in favour of the non-Socialists. An hour later, the position had again reversed, and so it went on. Since then, when the Socialists once more regained their one seat lead, the recounts and returns of postal votes that have been trickling in have not altered the situation.

## Budget

Barring further surprises, the Storting should look like this (1969 figures in brackets): Labour 62 (74), Left Alliance 16 (zero), Anders Lange's Anti-Tax Party 4 (zero), Conservatives 29 (unchanged), Centre (Farmers) 21 (20), Christian Peoples 20 (14), Liberals 2 (13) and New Peoples—the pro-market break-away from the Liberals—1 (zero).

Given a Socialist majority—even of one seat—the Labour Party leader, Mr. Trygve Bratteli, has said he is willing to form a new Government. The change-over will come soon after the Storting reassembles, on October 1.

Mr. Bratteli said last night that in the event of a Socialist victory, his Party would have to confer with the outgoing "mini coalition" about presentation of the budget for 1974. The coalition's budget proposals are already drafted, ready to be presented to the Storting. The Labour Party will probably want to make some changes, if it has not already prepared its own draft budget in anticipation of a victory. Mr. Bratteli did not make this clear.

Mr. Finn Gustavsen, of the

SPP, the jubilant chief spokesman for the Left Alliance, agrees that a purely Labour Government should take over. Both he and the Labour leaders reject the idea of a Labour/Alliance coalition, in spite of the strong posi-



Mr. Trygve Bratteli  
... orders from no-one

tion the Alliance will have in the new Storting.

Interviewed this afternoon on Norwegian Radio, Mr. Gustavsen said the new Government "won't be a Socialist Government, it will be a Labour Party Government which we shall try to push in a Socialist direction." He said his group would push hard on several issues it regards as vital, among them a cut in defence spending, the abolition of VAT on food and an extension of Norway's fishing limits.

Mr. Bratteli, however, has insisted that a Labour Government will not take orders for either Left or Right. It will follow its own programme, seek-

ing support from other parties from issue to issue. Many non-Socialist political leaders are so appalled at the success of Mr. Gustavsen and his Alliance that they may well pull their punches, in Opposition, in order to avoid pushing Mr. Bratteli further to the Left.

In the non-Socialist camp, the Christian Peoples' Party of Prime Minister Lars Korvald made the biggest gains, increasing its parliamentary strength from 14 to 20 members. Its success partly reflects the appeal, in a permissive age, of the Party's slogan: "rally around the basic values."

**'Bury' EEC issue**  
The CPP's announced willingness to "bury" the EEC issue and broaden the mini coalition after the election in the event of a non-Socialist majority, probably also appealed to many anti-Socialist voters.

The Conservative Party, Norway's second biggest, maintains its representation in the Storting unchanged at 29, though its share of the popular vote fell back by about 2 per cent., mainly as a result of losses to the anti-tax party. Mr. Lange's harvest of four seats in the Storting is larger than forecast, though his share of the vote, at 5 per cent., is about what the polls predicted.

The Party's unusual programme—its sole aim being a big reduction in taxes and public spending—will preclude its inclusion in any coalition either of the Left or Right.

The old Liberal Party, which split down the middle over the EEC issue, has been almost wiped out in this election. Its two factions (the Liberals and the NPP) together secured three seats against 13 in the outgoing Storting.

BONN, Sept. 11.

FOR THE first time for two years the West German cost of living index has dropped from one month to another. The Federal Statistics Office reported today that the index was down by 0.1 per cent. between mid-July and mid-August. At 148.1 (1962=100), it is 7.2 per cent. up on August, 1972.

This is the same year-on-year increase as in July when the index remained static and is a considerable improvement on June when the year-on-year increase was 7.9 per cent.

There is still, however, no

official jubilation. The recent strike in Hanover yesterday figures are heavily influenced by the drop in the price of seasonal foodstuffs as always happens. The action spread today to around this time of year. The index remained static in August last year, for example, only to rise by a full one per cent. in September.

Nor do the figures impress the man in the street. After the unofficial strikes in the engineering industry last month, the restlessness about inflation has now spread to the lowest paid public workers. About 800 garbage collectors and street cleaners came out on unofficial

covers 1.3m. workers, is demand-

ing a full extra month's pay as a guaranteed bonus instead of the 40 per cent. of a month's pay its members get at present.

The talks have been scheduled for a long time and Herr Helmut Schmidt, the Finance Minister, already conceded when he introduced his draft 1974 Budget to the Press that the Government will have to grant something.

It has become quite common, however, for official negotiations to be accompanied by a background of wild-cat action. Although such warning strikes are illegal, they can strengthen the union's negotiating position.

## Lynch plans to stay on as Fianna Fail leader

By Dominick J. Coyle

DUBLIN, Sept. 11. MR. JACK LYNCH, the former Prime Minister, has asserted quite categorically in a statement published here today that he intends remaining on as leader of the Fianna Fail opposition in the Dail (Parliament) and hopes to lead the party successfully back into Government following the next General Election.

This seemingly unambiguous commitment to continue in Irish political life comes before a formal meeting here tomorrow of the Fianna Fail Parliamentary Party and contrasts markedly with an earlier statement by Mr. Lynch saying that he did not intend resigning "at this juncture."

**Littlejohn**  
The earlier comment had itself followed widespread speculation here that the former Prime Minister was giving serious consideration to quitting the leadership position which he has held since he directly—and presumably intentionally—initiated in the wake of the now celebrated Littlejohn spying affair.

Mr. Lynch admitted to what he saw to be a "serious" lapse of memory on his part as Prime Minister in failing to recall a report last January from the Irish Ambassador in London which, according to the new Government here, contained a clear admission by the Foreign Minister of direct British involvement in the Littlejohn brothers.

The whole affair must inevitably undermine Mr. Lynch's credibility as leader of the opposition, both publicly in the eyes of the electorate and privately within Fianna Fail ranks where many members have not become accustomed to Parliamentary opposition following 16 continuous years in Government.

Mr. Lynch is believed to feel that the Parliamentary party, which with 69 deputies is still the largest grouping in the Dail, should be giving at least tentative consideration to the question of a new leader. The fact that he has now been virtually forced by intense party pressures to make a firm commitment to continue in office is itself an indication that Fianna Fail is rather bankrupt when it comes to leadership potential—or certainly to a replacement for Mr. Lynch who would command anything like unanimous backing within the Parliamentary Party.

**Prime asset**

What the Fianna Fail leadership question amply demonstrates is that Mr. Lynch remains the party's prime asset in electoral terms: even those members of the party who are less than enthusiastic about his leadership would acknowledge that it was his personal popularity with the electorate which prevented Fianna Fail from being routed in the general election earlier this year.

Mr. Lynch, who is now 56, has responded to party pressure to continue. The next general election is unlikely to take place before 1976 at the earliest, assuming no fundamental split in the present National Coalition Government under Mr. Liam Cosgrave, and a second electoral defeat then for Fianna Fail would undoubtedly result in Mr. Lynch's resignation.

Meanwhile, few political observers here will be altogether surprised, if, despite today's assurances, Mr. Lynch should in fact bow out of the Fianna Fail leadership before the next general election. His public position apart, he still appears to be telling his own party that it had better sort out its internal differences and think seriously about its electoral future.

## Nine's Ministers confident Nixon visit will go ahead

BY LORELIES OLSLAGER

COPENHAGEN, Sept. 11.

FOREIGN MINISTERS from the nine Common Market countries wound up two days of political consultations today fairly confident that they are heading towards a period of improved relations both with the U.S. and within the Community. Expectations were high that President Nixon will react positively to the proposals for U.S.-Community relations worked out here yesterday and that he will now definitely decide to come to Europe in the autumn.

Mr. K. B. Andersen, the Danish Foreign Minister and chairman of the political consultations, told a Press conference he thought the Europeans had given a "very positive answer" to the various U.S. calls for a review of the Atlantic relationship. This answer is in the form of a draft declaration laying down principles for this relationship which will be transmitted to Washington for consideration as soon as the Nine have finished the last legal niceties needed to make it a formal proposal.

It was now up to the U.S. to formulate its own suggestions for the declaration, which the Europeans want to sign during President Nixon's visit, Mr. Andersen added.

Herr Walter Scheel, the German Foreign Minister, told

reporters he was confident that President Nixon would come to Europe. First American reactions to the Community proposals had been positive.

Some officials privately conceded that the European draft as it now stands does not amount to much more than generalities, but the fact that the Nine—after months of French resistance—could make up their minds to make a common gesture towards the U.S. is in itself considered important progress.

## Positive reaction

The euphoria of the successful meeting here is also spilling over to Common Market affairs proper, which were generally considered to be in a very poor state this summer. The Franco-German dispute, which started over the reform of the Common Agricultural Policy, and the prospects of indefinite haggling over the proposed European regional fund and the second stage of economic and monetary union, had cast a feeling of general gloom and led to predictions of a serious crisis in the Community this winter.

While the Franco-German quarrel has been shelved, at least for the moment, all the other problems remain on the table. But many officials were hopeful that the general good-

will and understanding which characterised the Copenhagen meeting, and in particular the remarkably cordial atmosphere between Britain and France, will improve the climate for the internal EEC negotiations ahead.

At his Press conference, Mr. Andersen stressed that the Nine wanted to be flexible towards the U.S., particularly as far as procedural arrangements for President Nixon's visit were concerned. They had made no plans yet in what form and where the President should meet the Nine as a group, and how the declaration should be signed.

France is said to feel that as things stand at the moment the declaration could be signed by the individual Community member states, but French sources also indicated that their Government might agree to a representative signing for the Nine as a whole if things go well.

There were conflicting reactions to reports from Washington that Dr. Henry Kissinger, the Secretary of State designate, had expressed the hope that in addition to the declaration between the Community and the U.S. and a separate one on defence to be worked out in NATO there should be a third, more general declaration to which Japan might also subscribe.

Editorial Comment Page 15

## Revised rescue plan for Lip outlined

BY GILES MERRITT

PARIS, Sept. 11.

M. HENRY GIRAUD, the Government-appointed negotiator in the protracted Lip talks, has at last outlined his compromise plan for the company's future.

Representatives of the 1,300 disident Lip workers were to-night still considering his proposals, but no decision has yet been announced.

The "rescue plan" outlined by M. Giraud is an ingeniously rehashed version of the scheme originally put forward by Industry Minister M. Jean Charbonnel. At that time, almost two months ago, the Lip workers promptly rejected it because it involved the splitting up of the bankrupt watchmaking concern into four separate operations as well as substantial redundancies.

The revised plan splits Lip into three operating groups, watchmaking, electronic defence equipment and machine tools, sible to get.

but these will work under the umbrella of an overall Lip holding company. The question of redundancies has still not been completely ironed out.

With the Lip crisis now nearing its fifth month, both sides are clearly eager for a settlement, and M. Giraud is hoping that a number of other employers in the Besancon area will step in to help the police move the new venture and cut down redundancies.

If that is the case, then there is a strong chance that the men will accept the plan. They have been locked-out of the Besancon factory since the police moved in nearly a month ago and they may well decide the compromise rescue plan comes as close to their terms of returning to the situation that existed before Lip became bankrupt as it is possible to get.

## 'Good progress' in Cyprus reconciliation talks

NICOSIA, Sept. 11.

THE CYPRUS inter-communal talks resumed here today after being suspended for over a month and negotiators from both sides reported good progress towards a reconciliation.

The Greek Cypriot negotiator, Mr. Glafkos Clerides, said much progress had been made today but certain points still needed clarification.

Mr. Clerides and his Turkish Cypriot counterpart, Mr. Rauf Denktaş, met at the request of their constitutional advisers, who are trying to find a formula for reconciling the divided communities under a reunified central government after a 10-year separation.

Mr. Clerides said the two advisers—Mr. Michael Dekleris of Greece and Turkey's Mr. Orhan Aldikacti—had asked for clarification of "vagueness" in their terms of reference.

As the negotiators were assembling in the House of Representatives, a bomb explosion 300 yards away destroyed a car and seriously injured a Greek Cypriot policeman.

Turkish Cypriot sources had

said yesterday that Mr. Dekleris and Mr. Aldikacti had been unable to agree on a formula for reconciliation which they could put before the communal negotiators.

Reuter

## Soviet Georgia Minister fired

MOSCOW, Sept. 11.

SOVIET GEORGIA'S Minister of Local Industries was today reported to have been sacked in an apparently continuing purge of top officials in the free-wheeling Caucasian Republic.

A brief announcement in the Georgian Communist Party newspaper Zarya Vostoka said simply that the Minister, Mr. Magriya A. Megrelishvili, had been "transferred to other work." He was believed to be the latest casualty in a sweeping reshuffle of the Republic's government and party machinery which began early in 1972 and reached a peak just under a year ago when the party chief, Mr. Vasilii P. Mzhavanadze, was dismissed.

## Boardroom reforms to go ahead in France

By Giles Merritt

PARIS, Sept. 11.

THE FRENCH GOVERNMENT is to press ahead with its legislation giving workers a vote in the boardroom despite objections being raised by both employers and trades union leaders.

To date, worker participation in French management has been restricted to the "comité d'entreprise," or works council level, first introduced by General de Gaulle in 1945. But under the forthcoming law, employees' representatives will be given four seats on their company's board of administration.

At present, French management boards of this type are made up of 12 members (but the Justice Ministry now in charge of drafting the Bill is undecided on whether or not to leave it at that and give workers a one-third vote. It is possible that it may enlarge the comité d'administration structure to include 16 seats. A second detail which has yet to be decided before the Bill is presented to the National Assembly early next year is the system by which workers' representatives will be elected to the Boardroom. The choice lies between leaving it to the works councils or calling special elections within the company.

## New Bordeaux wine probe

BORDEAUX, Sept. 11.

CUSTOMS AUTHORITIES are checking the stocks of a Bordeaux wine house suspected of holding millions of gallons of cheap imported wine for sale off as quality Bordeaux. Customs sources said today.

Up to 100m. bottles of wine are said to be involved in the Customs inquiry.

major scandal last month broke out here when the Government pressed an investigation into the alleged doctoring of quantities of white wine to make it appear red. A judge has been appointed to investigate the affair.

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## EUROPEAN NEWS

Cholera: renewed concern  
as more cases reported

BY PETER TUMIATI

ROME, Sept. 11

THIRD CASE of cholera has occurred in the Rome area. It concerns a young labourer of the market who is stated to be a carrier of the disease because, appearing not to be affected by it himself, examinations he had been subjected to revealed the presence in his testicles of the cholera microbe.

The man and his family have been moved to Rome and placed in hospital. It is said that he may have been infected in handling cases of cholera coming from the Naples area. He is reported not to have eaten shellfish, which are being blamed for the cholera epidemic.

In Cagliari, Sardinia, the number of confirmed cholera cases has risen to 12. A private clinic has been requisitioned to

be used as a quarantine station for the relatives of cholera patients. The Naples and Bari authorities have appealed to the local population to submit to a second inoculation against cholera. In Naples, at least nine people who had been inoculated once contracted the disease all the same.

The cholera outbreak is continuing to be a source of grave concern here and its economic repercussions are being felt even in areas where no cases of cholera have been reported. The Naples authorities have cancelled all public celebrations due on September 18 and 19 for the patron saint of the city, Saint Januario. In Bari, it is feared that after the postponement of the opening of the International Levant Fair from September 7 to 22, this year's fair will now be cancelled.

Its management said to-day that a final announcement will be made before the end of the week. Both in the case of the Naples festivities for Saint Januario and the Bari fair, the authorities want to avoid the formation of crowds as they could contribute to spreading the cholera epidemic.

The fishing trade, as well as all activities connected with tourism, has been dealt a serious blow by the cholera scare. The ban on the sale of shellfish, as the main cause for the outbreak, has been mistakenly associated with all kinds of fish. In Genoa, for instance, the average daily sale of fish has dropped from 20 tons to less than 2 tons. In all Italian fishing ports, not only those of the South, fishing boats and trawlers have stayed in harbour because there would be no buyers for their catches.

Success  
in slowing  
Italian  
inflation

By Anthony Robinson

THE ITALIAN Government's three-month price freeze announced on July 24 appears to have scored a limited success in at the cost-of-living index went down by 0.50 per cent. in August, which is less than half the rate throughout the preceding months. Rises averaging around 1 per cent. per month over the previous 11 months, however, brought the index to a point 11.1 per cent. above last August's.

The future course of prices, indeed the success of the freeze, is a package of economic measures designed to follow on the Phase One price freeze, is now at an extremely delicate stage as the Government comes to grips with the first major confrontation with trade unions in the public sector.

Unions representing some 30,000 State railway employees had a similar number of railway unions are demanding a flat rate of 1.40,000 per month rise in wages and a 1.10,000 per month rise in railway pensions and other improvements. The Government will not be able to finance this without going over a self-imposed budget deficit.

Like the negotiations for postal and telephone workers, on reaching their conclusion, the railway workers' claims are outstanding ones which have been postponed. At this stage the Government seems to be prepared only to raise minimum salaries by 1.40,000 and is reluctant to offer any promises to the employers.

The threat of a railway strike which is hovering in the background clearly represents a danger to the new-found dynamism of Italian industry which registered a 15 per cent. rise in output in July. Substantial improvements for the railwaymen could almost certainly set off a chain of similar requests from other sectors of the vast public service sector. It is to avoid such leaping that the Government is trying to get the railwaymen to accept increases in the next three months agreed several months ago with other State employees.

Italy acts to curb  
widespread  
evasion of VAT

BY ANTHONY ROBINSON

ROME, Sept. 11

AGAINST the background of a considerable shortfall in receipts from the value added tax introduced at the start of this year, Finance Minister Emilio Colombo has announced tighter control measures to check widespread evasion.

The difficulty of policing the new tax have been complicated by the mass exodus of many civil servants and tax experts in the Ministry following the recent bureaucratic reform measures, which allowed early retirement on a golden handshake basis to over 6,000 senior civil servants.

However, stricter and more systematic controls over the administration of the new tax and the discovery of the principal forms of evasion before they become hardened into a habit have now been worked out involving the Guardia di Finanza, an elite corp of fiscal and customs police.

Estimates of the amount of evasion issued by the Ministry

show that over the first seven months of this year VAT revenue was Lire23,700m. (about £200m.) below estimates. This was in spite of a rapid rise in prices and of industrial production during this period which should have boosted tax revenues automatically.

Significantly, VAT revenue imposed automatically on imported goods and the products of the State monopolies such as tobacco and salt rose Lire133,200m. above estimates. The amount of tax raised on domestically produced goods and services, however, fell Lire476,700m. below estimates.

The tougher control measures now proposed are aimed at reducing this widespread evasion prior to going ahead with the partial tax amnesty which is now being prepared in order to clear the decks of outstanding contested direct tax cases prior to the introduction of the direct tax reform next year.

Belgian Cabinet approves  
Army reform plan

BRUSSELS, Sept. 11

THE GOVERNMENT approved an army reform plan gradually reducing conscription from 12 months to six months and splitting the forces into professional operation and conscripted protection wings. Defence Minister Paul Vanden Boeynants said to-day.

The plan has still to be approved by the North Atlantic Treaty Organisation (NATO) and Parliament, he said, "but I am convinced that NATO will have no objections as it will definitely lead to a strengthening of the Belgian forces."

The plan was approved at a special Cabinet session last night and replaces an earlier

project which provoked nationwide protest demonstrations from students because it called for cancellations of deferment for study purposes. The approved plan dropped this provision and proposes to curtail conscription time to six months in phases running until 1978.

Mr. Vanden Boeynants said the Government planned to examine other reform measures in the future like the limitation of conscription to one son per family.

The plan puts the operation force at the disposal of NATO under Belgium's obligations to the alliance. They will be mainly composed of intensively trained and highly-skilled professional soldiers serving from two to nine years, with options to re-enlist. They will be mainly stationed in West Germany.

The protection force will be in charge of vital points, communications and defence of the population in the home country. Because this requires less specialisation, the plan conceives that conscripts could be trained adequately in a period of six months.

Defence sources said extra expenditure resulting from the new plan was estimated at around \$25m. because of savings expected to accrue to the national economy from the earlier return of conscripts to civil life.

Referendum  
system pledge  
in Turkey

ANKARA, Sept. 11

TURKEY'S Conservative Justice Party to-day announced that if it scored a big victory in next month's general election it would introduce a French-type referendum system.

Vice-chairman Ismet Sezgin told a Press conference here that the party, winners of the last elections, was aiming for a two-thirds parliamentary majority so that it could make important constitutional amendments.

These included the introduction of the referendum system to test public opinion on key issues and the abolition of the appointment of 12 senators in parliament, Mr. Sezgin said.

Anti-cancer  
vaccine  
study

STOCKHOLM, Sept. 11

A GROUP of research scientists at Sweden's Karolinska Institute say they have discovered evidence that it may be possible to produce a vaccine against cancer.

The group, which includes Nobel prizewinner Professor Hugo Thorell and Dr. Ibrahim Nahlil, an Egyptian scientist, presented their findings to a world chemistry congress here.

## BRANDT AND THE SPD

## A way strewn with pitfalls

BY JONATHAN CARR IN BONN

CHANCELLOR WILLY Brandt holds his first major press conference for almost a year and has announced in advance that he wants to talk in particular about internal West German affairs. One reason for his choice of this subject may well be that he is out to disprove the oft-repeated criticism that his pre-occupation with foreign policy has led him to neglect matters at home.

Certainly he has recognised a growing feeling of disquiet in the country at large, partly because of open dissension within his Social Democratic Party (SPD), partly because of a belief that all is not well with the Government coalition. Herr Brandt said as much to the National Executive Committee of his party last weekend — only to add at once that there was no real cause for alarm. Now he will no doubt be out to pass on the same message to the press and hence to the country.

Beyond that his comments, and their effect, are being closely watched abroad. For the SPD is important not only for West Germany but for Social Democracy in Europe. Its success or failure is seen not only as the sign of the health of a party but of the viability of a cause.

To what can the current malaise be attributed? In part to the doldrums of a party long in office. There are many of the same old faces — and new ones, such as the Housing Minister Hans-Jochen Vogel, have not given the dynamic new image which had been hoped.

There is also the feeling that social reform has long been much talked about but that little concrete has so far emerged. And, of course, there is the rising cost of living — at almost 8 per cent. a year — and the horror of West German standards — and the most which he is delivering speeches, extreme reaction to it so far, the giving interviews. Then he seems almost to vanish. Presumably he is doing something, but it is not home they urge widespread figures up before the Parliamentary Committee probing political

subject of cartoons. But for a public which values so highly an orderly application to appointed tasks the impression is unsteady, as though the driver's seat were empty part of the time.

If Herr Brandt were a less impressive leader of party and country when he were active.



Herr Willy Brandt who is to give a Press conference to-day.

lies with the style of Herr Brandt, both as SPD Chairman of course he is a father figure rising cost of living — at almost 8 per cent. a year — and the horror of West German standards — and the most which he is delivering speeches, extreme reaction to it so far, the giving interviews. Then he seems almost to vanish. Presumably he is doing something, but it is not home they urge widespread figures up before the Parliamentary Committee probing political

drawal from NATO. Resolutions to this effect were passed at the Juso congress in March only to be overturned by the full SPD Congress a month later. But the Jusos — there are some 350,000 of them with perhaps 10 per cent. truly active politically — show no signs of dropping their ideas.

What particularly upset Herr Brandt was the JUSOS defence of the wildest strikes. He had appeared on nationwide television as the strikes were ending, appealed for calm, said he felt unions and employers could not together and stressed the Government would stand by its programme to beat inflation.

But the Jusos suggested the economic situation saved the official strikers a reason for their action. Furthermore, they were supported by 24 SPD Deputies. Herr Brandt said such statements harmed the Party and he received a large majority for his view at the Executive Committee meeting. Shortly afterwards the JUSOS leader Wolfgang Roth — himself a committee member since April — repeated the JUSOS position.

Herr Walter Scheel's Free Democrat Party (FDP), which is in coalition with the SPD, has constantly warned of the danger from the radical left — not the JUSOS only but all SPD ultra-reformists. This is not to say the coalition is now in any immediate danger of breaking up. But in the last few months the Christian Democrat (CDU) opposition — with a new leadership since June — has reserved its major attacks for the SPD.

Clearly taking care not to unsettle a party which could hardly become a potential Government coalition even more intense in the months to come. One sign of strong differences has already appeared in the country's most populous state of North Rhine-Westphalia, itself help too. But it looks like a very

problem involved appointment of radicals, for example a Communist Party member, to post-such as judges and teachers. The SPD left wing supported such appointments and suggested the junior coalition partner was trying to impose its will on the majority. The FDP felt part of the SPD was veering much too far to the left. Elsewhere in some major cities, the clashes have involved not an FDP-SPD coalition but a straight dispute between the SPD's own extreme wings.

The controversy in North Rhine-Westphalia has clearly done the SPD no good. A recent poll suggested that if there were to be a local election there now, the SPD would lose 12 of its 90 seats — all to the FDP. Polls at national level have tended to conflict on the popularity of the coalition with Herr Brandt's party. But there seems to be general agreement that of Herr Scheel is more popular than ever.

All this at home is taking place against a background of foreign policy less clear in its achievement than in the Chancellor's first term. The main part of the bilateral Ostpolitik has been achieved, and the finishing touches have now run into difficulties, apparently originating in Moscow. The cause of European unity and the Common Market is being stressed — but it is more difficult to raise enthusiasm for this among a population which tends to feel that whatever European solution is found, it will probably have to foot the bill for it.

The picture is not wholly black. Herr Brandt has announced an intense Government work programme for the next few months. The Government stability measures may be seen to be having their effect early in the new year. A major success for Herr Brandt when Nixon comes to the country — if he comes — would be a federal level — strewn with pitfalls — for Herr Brandt and the SPD.

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- iii. Employers in Scotland registered with the Department of Agriculture and Fisheries for Scotland should claim refund from the Scottish Office Computer Service (SET), Government Buildings, Broomhouse Drive, Edinburgh EH11 3XD.
- iv. Employers who wish to claim refund of tax from the Department of Health and Social Security for part-time employees, employees aged 65 or over, domestic or nursing help in certain private households, or employees abroad, must return completed claim forms to DHSS, SET Repayments Office, Wardpark, Cumbernauld Glasgow, G68 0DG.

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## OVERSEAS NEWS

### Cairo summit discusses reviving eastern front

BY IHSAN HJIAZI

BEIRUT, Sept. 11.

THE EASTERN front against Israel and the role of the Palestinian guerrillas in it were among the five main subjects on the agenda of the tripartite summit conference in Cairo, according to the Egyptian daily Al-Ahram.

President Sadat of Egypt, President Assad of Syria and King Hussein of Jordan resumed their talks to-day. Quoted by Radio Cairo, the well-informed newspaper listed the other three topics as the general Arab situation, chances of ensuring a common Arab plan of action in the Middle East, and co-ordination among the Arab States which are in direct confrontation with Israel.

Aside from the reconciliation with Jordan, the Cairo meeting, he considered part of the overall eastern front instead of being a separate front. But it is not yet clear what position the guerrillas would have in Jordan eventually. The guerrillas have again expressed suspicion over the Cairo summit. An article in the weekly *Al-Fatah* (Palestine Revolution), which speaks for the Palestine Liberation Organisation, to-day warned that King Hussein was trying to cut off the guerrillas from Syria into Phase Two, observers see President Sadat seeking to secure stronger inter-Arab

co-ordination against Israel. Jordan, with the longest ceasefire line with the Israelis, can play a major part in this co-ordination.

Hence the concentration on reactivation of the eastern front which, in effect, means closer military co-operation between Egypt, Syria and Jordan and having King Hussein agree to the stationing in Jordan in future of troops from other Arab states.

Al-Ahram's report to-day suggested the question of the commando return to Jordan was being considered within the framework of reactivation of the eastern front. Informed sources here believe this indicated a compromise with Amman whereby the commandos would be considered part of the overall eastern front instead of being a separate front. But it is not yet clear what position the guerrillas would have in Jordan eventually.

The guerrillas have again expressed suspicion over the Cairo summit. An article in the weekly *Al-Fatah* (Palestine Revolution), which speaks for the Palestine Liberation Organisation, to-day warned that King Hussein was trying to cut off the guerrillas from Syria into Phase Two, observers see President Sadat seeking to secure stronger inter-Arab

### Iraq poison gas plan alleged

BY RICHARD JOHNS, MIDDLE EAST CORRESPONDENT

THE Iraqi Army is stockpiling Soviet-made poison gas for possible use against the dissident Kurds in the north of the country, according to the Kurdistan Democratic Party.

The allegation, for which the KDP claim to have irrefutable evidence, emerged at a closed meeting of the political committee of the Kurdistan Democratic Party in West Berlin last month which was attended by two members of the Party's Central Committee.

This serious charge coincides with the outbreak of fighting between the Iraqi Army and the Pesh Merga, or Kurdish irregular forces. The renewed conflict was triggered off by the Army's occupation of a village called Asriya on the Syrian border on August 17 and has subsequently spread to the Kirkuk area. The Kurds claim that some 80 Iraqi troops, including a number of officers, have been killed.

The KDP says that the gas is of two kinds: one designed to penetrate the respiratory system causing fatal illness and another that can cause temporary unconsciousness for a period of 48 hours or more. It can be disseminated either by rocket or from the air.

KDP intelligence says that the gas is stored at the headquarters of Army's Second Division in Kirkuk and the Fourth Division in Mosul, as well as at the Taji base camp near Baghdad. It is added that eight Soviet advisers

have been supervising special training programmes in its use and that gas masks have been supplied for soldiers who may be called upon to launch it.

The new crisis in Baghdad-Kurdish relations has been brought about by a combination of factors, in particular the Government's attempts to pressurise the KDP into joining the National Front that was formed so, the KDP presented a memorandum outlining in greater detail than before its ideas about attempts to "Arabise" the oil-rich Kirkuk area in advance of the referendum that should have been held under the March 1970 agreement to ascertain whether this Iraq, or province, should be part of the planned autonomous Kurdish region; and its failure to implement the accord.

Four KDP members were hanged by the regime in Baghdad last month, seemingly in retaliation against the KDP's refusal to join the National Front. When asked again to do so, the KDP presented a memorandum outlining in greater detail than before its ideas about attempts to "Arabise" the oil-rich Kirkuk area in advance of the referendum that should have been held under the March 1970 agreement to ascertain whether this Iraq, or province, should be part of the planned autonomous Kurdish region; and its failure to implement the accord.

### Warm welcome for Pompidou in Peking

PEKING, Sept. 11.

PRESIDENT POMPIDOU flew into a flag-bedecked Peking to-day to begin a seven-day visit to China, the first by a West European leader.

He was greeted by Premier Chou En-lai and other Chinese leaders, including Wang Hung-wen, the youthful "star" of Chinese politics who was promoted to number three in the hierarchy at the recent 10th Communist Party Congress.

During his visit M. Pompidou will hold wide-ranging dis-

cussions with Chinese leaders. They are expected to discuss bilateral affairs, particularly in the economic and cultural fields, but M. Pompidou will also inevitably be regarded as a spokesman for Europe.

M. Pompidou will have talks with Chairman Mao Tse-tung and with Chou En-lai. The issue of European unity and defence is of vital interest to China because it believes the Soviet Union will be able to concentrate more troops on the Chinese border if there is détente in Europe.

### Laos pact 'will be signed this week'

VIENTIANE, Sept. 11.

THE LAOTIAN Prime Minister, Prince Souvanna Phouma, said to-day a political and military agreement with the pro-Communist Pathet Lao would be signed "this week".

Prince Souvanna was speaking to a group of young Laotians from several political parties. At the end of July the two sides appeared on the verge of full agreement on political and military problems, as called for by the February 21 ceasefire accord which formally ended more than a decade of war in Laos.

But the talks were deadlocked after former Laotian officers living in exile in Thailand staged an abortive coup against Prince Souvanna three weeks ago. For some time the Prime Minister has been under pressure from the Laotian right which fears that the agreement makes too many concessions to the Pathet Lao, especially in military aspects.

Meanwhile, Arab diplomatic sources here have been talking about a split inside the Jordanian regime regarding the Arab reconciliation. They said the reconciliation is backed by King Hussein and Prime Minister Zaid Rifai and opposed by Crown Prince Hassan and his uncle, Major-General Nasserr Ben Jamil, a former Commander-in-Chief of the Jordanian Army.

The agreement would provide for neutralisation of Vientiane and the royal capital of Luang Prabang, and militia representation of both sides in these cities.

### COMMONWEALTH MPS MEET IN LONDON

By Bridget Bloom

THE FIRST Commonwealth Parliamentary Association Conference to be held in London 12 years will be opened at Westminster Hall this morning by Queen and the Duke of Edinburgh. Over 200 Ministers and MPs are attending.

Represented are parliaments as diverse as Australia, St. Helena and Gibraltar—the Commonwealth Parliamentary Association's members come not only from independent Commonwealth countries but also from British dependencies, which are to be particularly well represented this time. Only Nigeria, Ghana and Uganda—with military regimes—and Swaziland, whose constitution is currently in abeyance, are not members and will therefore not be represented.

There will be 12 sessions stretched over nine days. Discussions—open to the public at Church House, Westminster—are expected to cover relations between the Commonwealth and the enlarged European Community, intra-Commonwealth trade and monetary affairs, immigration, the future of the Commonwealth's smaller members and more generally—the future of parliamentary government.

## AFGHANISTAN

### In need of more aid

BY DAVID HOUSEGO RECENTLY IN KABUL

STUDENTS and young officers, the most politically conscious section of the Afghan population, are looking to the new regime for economic changes which they think will bring them ahead, so that there are now about 50 plants employing 6,000 people. Under the premiership of Mr. Musa Shafiq plans were afoot for reorganising a number of ministries, increasing revenue from taxation and cutting the deficit on public enterprises. The Planning Ministry was committed to an annual evaluation of projects and a review of the progress and priorities of the Fourth Five Year Plan in the light of available resources. In the face of the extensive interests of the royal family and the conservatism of the Parliament, good intentions could have come to naught which may have been one of the reasons that prompted the army to step in.

Foreign aid has not been used to the full. In the past, for example, largely responsible for planning errors. Funds that the Russians and the U.S. poured into the country in the late 1950s and early 1960s were absorbed by mammoth infrastructure projects, often of strategic importance to the donor, which made relatively little impact on living standards. From 1970-72 Afghanistan was struck by three successive years of drought, disastrous in a country where 85 per cent of the people live in rural areas and where agriculture accounts for 75 per cent of commodity exports (mainly livestock, hides and skins). Average income dropped probably 870 a head. Development expenditure was cut last year to 21 per cent below what the government had expected, and this year's budget envisages another cut of 13 per cent.

A decline in exports and foreign assistance coupled with the expansion of imports and heavy debt repayments have formed a balance of payments surplus of \$11m. in 1971/72 into a projected deficit for 1973/74 of \$15m. The debt servicing ratio is now about 27 per cent, but could rise to 40 per cent. Notwithstanding this dismal performance were some hopeful signs for the future when the army coup came on July 17. The wheat harvest this year, after the snows of last winter, is likely to be about 3m. tons, giving Afghanistan a surplus output would rise by 17.4 per cent, and the country be self-sufficient in wheat.

Under President Daud various changes are expected. It is thought that he may decide to give a reinvigorated Planning Ministry (which already has among its members some of the brightest of the country's too few technocrats) a power of veto over the other ministries. He himself held the planning portfolio in his last years as Prime Minister before his resignation in 1962. Some of the young Russian-trained officers also favour a centralised economy. If that is to be the pattern, an important decision the regime has to make is from which nation it will draw its planning advisers. At the moment the planning ministry has Russians and West Germans.

So far President Daud's Government has given few indications of the adjustments it wishes to make in the Plan. He personally seems to favour an agricultural programme that would concentrate on developing the most fertile regions such as Badkhash in the north east, at the moment a major poppy growing centre. In this he could expect aid from western nations to provide the funds for crop substitution if they believed the new regime could enforce it. At the moment narcotics are estimated to account for 10 per cent of Afghanistan's foreign exchange earnings.

The Minister of Education, Dr. Namatullah Pazhwag, is rightly anxious to see an increase in the number of vocational colleges as being in tune with the country's manpower needs and to prevent overcrowding in the universities. Likewise Mr. Ghousuddin, the Minister of Public Works says his department intends to extend the housing scheme for Government employees. But the shortage of funds (the projected budget deficit for 1973/74 is Afghanistan's new regime with little leeway to make major changes or introduce new projects. At the best about \$500m. a year could be won with a more efficient tax collection system and a crackdown on the more obvious forms of evasion. In the short run major new sources of domestic revenue are hard to see.

Foreign aid declined from an

annual average of \$80m. in the Second Plan to \$60m. in the Third. The two major donors Russia and the U.S., have contributed respectively \$1,500m and \$1,000m, including military assistance and \$500m. over the last 3 years. China, the third largest donor, has offered about \$77m in the last five years. The decline partly reflects the inability to finance the local cost of projects for which donors are willing to put up the foreign exchange or the equivalent. It is also indicative, however, of the despair of both foreign Governments at multi-national agencies with the failure of the bureaucracy to help promote and ensure a smooth organisation of project aid available, including much of that from China, has remained unutilised.

### Confidence

President Daud therefore needs to establish confidence that Afghan administration can efficiently handle the assistance that foreign governments and agencies are willing to provide. It is possible, such as a case in the U.S. might reconsider its refusal to reschedule Afghanistan's outstanding debt. The refusal, which has set pattern among other western nations, has been on the ground that technically, Afghan reserves are adequate. Under the previous Government only the Russia appear to have acceded Afghanistan's request for rescheduling.

If realistic projects were put forward, the Americans might also look again at the possibility of financing some of the low cost. As yet they have given indication that they are willing to provide aid, as they were the 1960s to buy political influence. The Russians and Chinese may take a different view.

For President Daud however the only hope of preserving patience of his followers lies in expanded foreign assistance, which is why he has been driving home the point that he wants to be on the best of terms with aid donors.

David Housego dealt with the political situation of the new regime in an article he appeared on this page on September 4.

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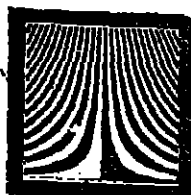
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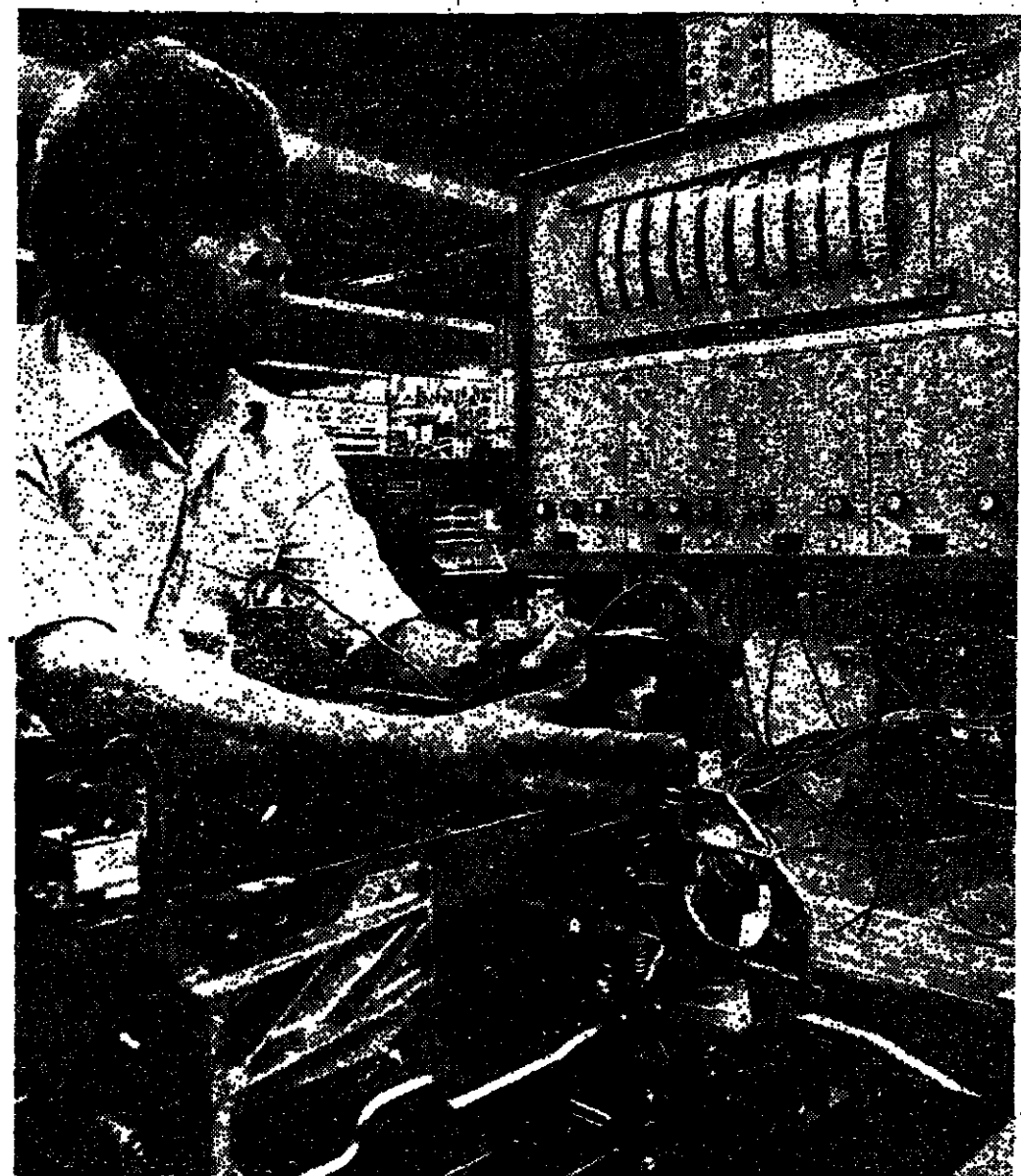




# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## OFFICE EQUIPMENT



At Venray in Holland, a complex piece of gauging equipment is used to ensure that the upper and lower halves of the Xerox 3100 are perfectly aligned during assembly.

## Faint originals copied clearly

LATEST in the second generation of copiers announced yesterday in Paris by Rank Xerox, the Xerox 3100, is a compact flat-plate copier particularly suitable for the smaller user, and for decentralised copying in large organisations.

The 3100 is extremely simple to operate, and the controls, all of which are self-explanatory, have been kept to a minimum. It is very quiet, and can be used wherever an ordinary 13 amp power point is available. A wheeled stand enables the machine to be moved from office to office, and provides useful storage space. Whatever the

original, copies are of high quality, with good contrast. A magnetic brush developing system ensures consistent results whether the originals are black and white or coloured, typed, written or drawn, solid blacks or half-tones.

Aligning an original on the flat-plate is easy, since it is only necessary to place it face downwards in the top left-hand corner. The document can be any size up to 24 inches by 14 inches (21.6 cm by 35.6 cm). Any number of copies up to 99 can then be selected on a dial, after which the print button is pressed.

The first copy is delivered in eight seconds, subsequent copies being made at the rate of 20 per minute. A "Stop Print" button enables the machine to be halted during a print run.

If the original document is faint, or contains a colour which is difficult to copy, such as light blue found in carbonless copy paper, it is only necessary to press the "Print Light Original" button at the beginning of the run. The 3100 will then compensate for the lack of contrast in the original.

Because the plate is at the edge of the machine, bound volumes can be copied right up to the spine, without the need to force the pages apart and without distortion of the image. The double-hinged plate cover can be closed with a bound volume in position.

Like all Rank Xerox copiers, the 3100 prints on plain unsensitised paper. A special feature is the interchangeable paper tray. This will hold up to 250 sheets in any paper size from 8 inches by 10 inches (20.3 cm by 25.4 cm) to 24 inches by 14 inches (21.6 cm by 35.6 cm).

Today, in London, the company was to have launched its Xerox 8500 colour copier for the European market, but called the presentation off at short notice.

Reasons given by the company were unexpected difficulties in "Europeanising" a complex piece of equipment built to U.S. practices and standards; equipment which, moreover, was a new departure from xerographic techniques.

It is understood that the presentation will be postponed until the company is satisfied that modification of the units to conform to European requirements is to a maintainable high standard.

## OPTICS

### Laser beam facsimile prospect

AN EFFICIENT optical deflector for laser beams using tellurium dioxide has been developed at Princeton N.J. laboratories of RCA, and a beam scanner that can be used to take as well as project pictures has been constructed using it. Pictures with three to four times the detail of conventional TV are possible.

According to RCA the experimental device could be the forerunner of a high resolution facsimile system, which, unlike current units, would not need a photograph for scanning, because it would scan the object itself. The camera consists of a beam scanner which scans a "live"

object in horizontal lines in the same way that an electron beam does in a cathode-ray tube. The reflected light at the instant of each picture element is detected by a pick-up tube mounted adjacent to the projector-scanner. After processing, the signals comprise a video signal for display on a CRT.

The scanner could have a number of other applications, says RCA, including scanned optical radar, computer print-out, optical memories and image storage.

Since TV vertical deflection speed is relatively low a conventional oscillating galvanometer-driven mirror is employed to deflect the beam vertically. The fast moving horizontal deflector is an anisotropic Bragg device, constructed out of paratellurite (tellurium dioxide). It is capable of scanning up to 15,750 lines per second.

In developing the high speed deflector the laboratories found it necessary to devise a cold pressing technique for attaching transducers to tellurium dioxide crystals. A capability for producing high purity crystals has also been developed.

A limiting resolution of 3,000 lines can be achieved with the TV line can be achieved with a deflector having a useful optical aperture of only 0.5 cm. The device operates at low rf power levels and thus can be compatible with integrated circuits.

## TRANSPORT

### Answer to city congestion

WHILE BRITAIN has dropped or indefinitely shelved the "Cab-trak" project for "minitaxis" which would travel above congested city streets, Germany is actively pursuing this concept.

The Technology Minister, Horst Ehmke, has just opened a test stretch of this for the new local transport system at Hagen in the Ruhr, which could help to free cities from traffic jams and pollution.

The West German system is called "Cabintaxi" or CAT for short, and is a joint development of the engineering company Demag AG and Messerschmidt-Boelkow-Lohm GmbH, the transport and aerospace concern.

The design envisages light metal and plastic cabins, each carrying up to three people with luggage, powered by linear motors and speeding between a city centre and the outskirts at up to 36 kilometres an hour. The driverless vehicles can run either on top of, or underneath, a single suspended track whose height above the ground will depend on the needs of the city which employs the system.

The two companies have already invested DM5m in the scheme - and the Technology Ministry another DM6m. The present 150-metre stretch of test track is to be extended to a total of 1.5 kilometres by 1975, with 30 cabins and three stations. Total cost of construction, tests and research is likely to be around DM45m. The Ministry is likely to cover 80 per cent. This is not the only new local transport system being tested with Government financial backing. But the Ministry is earmarking some 50 per cent of its total grants in this field for development of the CAT, which indicates how seriously the project is being viewed.

Demag and MBB began co-operating on the project in late 1969 after arriving at a similar answer to the question of why people continued to take their cars into city centres despite increasing parking problems and bigger traffic jams.

The answer was that a car was still considered quicker and more comfortable than public transport and perhaps even more important that it was more "individual". The motorist was often simply a person who did not want to travel in a bus or tram with dozens of his fellow men.

Thus, to tempt the motorist away from his car, it would not be enough to produce something fast and cheap. It would have to be individual too. This was the philosophy behind the CAT and is the reason why each car will take only three people at most - or two if the skid is not used.

Each station will be on a loop of track linked to the main line Cabintaxi network with 3,000 or more CATs passing each hour, 24 hours a day. Journey destination is determined by a ticket chosen from an automatic machine. A computer notes the amount and all the passenger has to do on climbing into the cabin



is to press a button. The unit then pulls out of the station, the computer slots it into the main line traffic and it is sped to its destination without any intermediate stops.

A ride in the vehicle shows that the only noise is a low hum from the two linear motors which are mounted horizontally. The rubber wheels form both support and guidance making for the minimum of bumps. The guideway track is of steel, with box girders and a maximum distance of 40 metres between supports.

The cabin itself is two metres long, 1.6 metres wide and 1.5 metres high - a squeeze with three large people but otherwise adequate. Visibility through three large windows is excellent.

The only query is that damage could easily be wrought to a cabin by vandals with no one around to stop them. The companies say the CATs will have an average speed of 30 kilometres an hour - 10 kilometres more than the average for city bus and tram transport. The cost is reckoned at 17 pfennigs per kilometre - more than 11-15 pfennigs for a tram ride over the same distance but about half that for a trip in a low by computer sophistication while the individual vehicles are considerably larger. The concept of a light-weight, non-polluting system which will not clutter existing road space and will help relieve congestion in busy cities is retained. The system could be demonstrated in one of the northern cities within a few years.

## PRODUCTS

### Cassette machines for video

TWO VIDEO cassette machines designed and built by the Victor Company of Japan for audio-visual applications are to be marketed by Bell and Howell in most of Europe including the U.K. One of the machines simply plays cassettes, the CP-5000E, while the other, the CP-6000E, can record as well.

The machines are for colour and monochrome operation and use the self-contained U-type cassette with 1-inch tape - the cassette jointly developed by Victor with Sony and National. The cassettes provide up to 15, 30 or 60 minutes of playing time and no adjustment of the equipment is needed when, for example, a long-run cassette is followed by a short one. The loading procedure is identical for all lengths of cassette and for both machines.

The cassette may be inserted or removed at any point in the programme, a feature which helps meet the not uncommon need of teachers and instructors to show just a small part of a visual presentation to their

students. With the Japan Victor machines they can do so without waste of time, even if the required excerpt is in the middle of a 60-minute cassette, as both machines are fitted with tape counters and an automatic "search" facility for locating selected scenes.

The recorder/player is designed to accept input of programme material from broadcast television with the aid of a tuner or from closed-circuit transmissions. It may also be linked direct to a television camera. Video and audio input and output sockets are fitted at the rear of the machine and there is also a socket for connection of a remote control unit.

### Quality tape for enthusiast

THE SPECIALIST and enthusiast are being catered for by EMI with a range of tape products and accessories the company has just introduced. Professional quality tape as used in most recording studios is being offered as Emtape 825. The tape is described as being "for the really discerning user who needs the ultimate in tape performance." Marketing is to be through selected retailers who cater for the specialist recordist.

The tape uses more uniformly shaped iron oxide particles than is normal resulting in higher density coating and an increased magnetic flux, which can improve the performance of many domestic tape recorders. The specially developed binder also minimises the possibility of tape squeal. The frequency response is from 31.5 to 16,000 Hz.

The new tape is being marketed under the HMV label in double and triple play, and also in EMI cassettes in 30, 60, 90 and 120-minute playing times. Accessories include newly designed cassette and cartridge head cleaners and spare tape reels.

## COMMUNICATION

### Indicates staff for telephonist

ACCORDING TO Movitex Signs of 107, High Street, Edgware, Middlesex, which has just conducted a survey on the subject, 81 per cent of telephonists employed in commerce and industry are not informed when key executives are on holiday or away for a half day or more. The company suggests that the cost of this must "run into millions of pounds annually throughout the U.K."

"The telephonist" says the company "cannot be expected to have a crystal ball." Instead the company executive responsible for communications might consider installing Movitex's latest product which it describes as a "sophisticated staff location panel for use in both switchboard and switchboard reception areas."

In addition to telling the operator which executives are unavailable it employs elasticated markers pressed into a permanent time chart, marked off in hours, to tell her when they are expected to return. The panel also includes a wipe-clean section for temporary notes like, for example, "On leave until October 8" or "With Mr. Jones, 01-234 5678."

A contact reminder is also incorporated in the panel so that the telephonist is reminded of any messages she may have for an executive. Where the panel is employed in a reception area then the contact reminder itself alerts the executive, on his return, that a message is held for him.

Initially the aluminium framed panels, which employ variously coloured characters against a black background, will be available in four standard sizes, with capacity for 10, 16, 22 and 28 names, starting at £13.20.

## ELECTRONICS

### Load cells put to the test

TO SIMPLIFY weighbridge installation by carrying out as much inspection and testing as possible in the factory, W. and T. Avery, has commissioned two weighbridge test rigs that are believed to be unique in the U.K. if not in the world. For testing Avery 5150CTA standard load cell weighbridges, the rigs cut factory testing by up to four days per weighbridge, minimise work on site, and shorten delivery times.

At Avery's Birmingham factory, the rigs are designed for testing the electronic components of the weigh system that is, the load cells, load cell junction box, and CTA digitising instrumentation. Each consists of a 30 feet x 10 feet weighbridge platform that can be raised and lowered by motor driven screws. One test system up to 60 tonnes and the other systems up to 100 tonnes.

The load-cell units are stalled under the test platform and coupled through the junction box to the instrumentation circuitry. The platform is lowered and standard test weights are placed on it by forklift truck.

Using various load configurations, the test engineers set the system and ensure that it is accurate to official requirements regardless of the position of load on the test platform and that official tolerances are maintained throughout the full weighing range. The system is adjusted on the rig prior to final work inspection and, in most cases a weight and measures inspector is invited to make a preliminary official test before despatch.

## MATERIALS

### Threading machine

A 3-INCH capacity pipe and bolt threading machine, the Piston model 25-J for general factory workshop use and for site work in the plumbing, heating, ventilating, chemical, petrochemical, gas and marine industries, has been introduced by Neville Scales of 34, Priest Bridge, London SW14 5TA. Unlike many threading machines, its 550 watt motor is dual wound for operation on either 110 volts or 230 volt single phase, 50 cycles supply. The machine can therefore be used on the normal 230 volt supply of most workshops, as well as on building sites where 110 volts is usually compulsory. The pipe can be of any length and material, including stainless steel; capacities are 1 inch 1 1/2-inch pipe BSPT and NPT and 1 inch to 1 1/2 inch bolt BSW and UNC.

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## INFORMATION:

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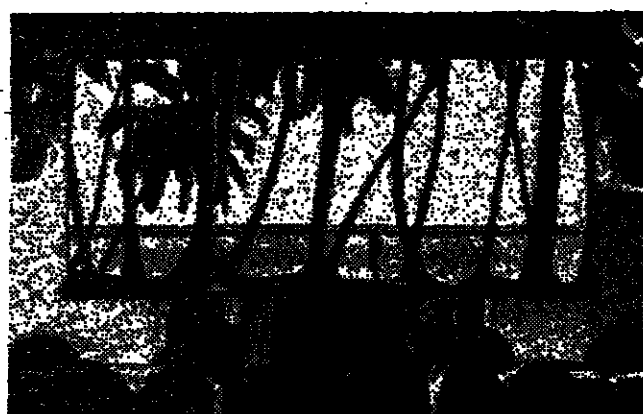
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# CEGB seeks aid for next nuclear power station

BY DAVID FISHLOCK, SCIENCE EDITOR

THE Central Electricity Generating Board is pressing for Government "launching aid" for the next British nuclear power station unless the choice is an off-the-shelf light water reactor.

The case will be put to the Nuclear Power Board, the body appointed to oversee nuclear decisions in Britain, when it meets under the chairmanship of Mr. Peter Walker, Secretary for Trade and Industry, later this month.

The generating Board was anxious that the cost of a first-of-a-kind nuclear power station should not fall heavily on the electricity consumer, Mr. Arthur Hawkins, chairman of the CEGB, said in London yesterday.

stations, "which, said Mr. Hawkins, "do a very good job and have proved, a great and sound investment."

The CEGB research department has found ways of delaying the susceptibility to breakaway corrosion of boiler steels selected for the AGR stations. This weakness has been one cause of delay for the AGRs.

One technique treats the metal in a gas of very low oxygen content, to leave a highly protective chromium-rich surface film. The Board's scientists are now developing methods of applying such practices to full-scale nuclear plant.

## Coal needs

Harold Belter, industrial correspondent, writes: Discussing the prospects for coal, Mr. Hawkins stated that CEGB consumption in 1973-74 would reach 68-69m. tons, compared with 62m. tons in the previous year.

Discussions have been taking place with the National Coal Board on the CEGB coal requirements, and its availability in the early 1980s. A joint statement is expected next month.

Mr. Hawkins revealed that a contract is to be let for the design of a new 2,000 MW coal-fired station, West Burton B, in Nottinghamshire.

No commitment has been made to the construction of this project, but its likely cost can be compared with that of a similarly sized oil-fired station at Killingholme in Lincolnshire, for which a design contract is also being placed.

Mr. Hawkins added that Killingholme remained as the logical choice for a new fossil-fuel power station to be ordered in 1974.

In addition, the CEGB hopes to be able to order at least two more major power stations next year — the Dinorwic hydro-electric pumped storage plant in North Wales and one or two nuclear stations.

Although the Board hoped to order one or more nuclear stations next year, said Mr. Hawkins, these stations were not required by the demand forecasts for five years hence. If a first-of-a-kind nuclear station was ordered, it would be on the assumption that it might take seven or eight years before it was contributing full power.

Asked specifically whether the Board, with four AGRs still uncompleted, favoured ordering more, Mr. Hawkins said: "I don't think the industry would be keen to order more AGRs until it has operating experience." He did not think that enough experience from the first AGR expected on-line, Hinkley B, would be available until the end of next year or early 1975.

The Board was confident, he said, that the AGRs would eventually prove a sound investment, but their experience was not one they would repeat again by ordering four stations straight off the drawing board.

Delays in completing the four AGR stations have been "a matter of major concern" to the Board, it admits in its annual report. Two senior officers have been appointed to oversee their completion.

The Board remains pleased with the performance of its first-generation magnox nuclear

stations, "which, said Mr. Hawkins, "do a very good job and have proved, a great and sound investment."

Over a six- to nine-month period, some 350 jobs at the factories will be affected by the changes which are being introduced, according to Mr. Leslie Forrester, industrial relations director, "to improve operational effectiveness, reduce costs and offset inflation."

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# Vickers modifies mini-sub hatch lock system

BY JAMES McDONALD, SHIPPING CORRESPONDENT

VICKERS HAS taken action to modify the locking arrangement of its three mini-submarines, Pisces I, II and III, following the Pisces II rescue drama at the start of this month.

Meanwhile the Department of Trade and Industry is gathering information about submersible vessels from other countries, including the U.S. and Canada, and will decide future policy for these vessels in the light of the further inquiries being made by Vickers Oceanics into the Pisces III incident.

## Team's findings

This is stated by Mr. Cranley Onslow, Parliamentary Under Secretary of State for Aerospace and Shipping in a letter to Mr. John Prescott, Labour MP for Kingston-upon-Hull E., published yesterday.

The hatch modification follows the recommendation of the preliminary inquiry by a team of investigators from Vickers Oceanics, the owners, and Department of Trade and Industry surveyors. The team established that the fouling of the after hatch on Pisces III by a tow-rope during a normal recovery operation had possibly caused the hatch to become unlocked and released.

A small build-up of pressure in the aft sphere, due to ballast changes during surfacing could have been a contributory factor. This build-up, plus motions of the submarine on the surface could have been sufficient to dislodge the hatch if the fouling rope released the locking mechanism.

Vickers Oceanics said yesterday that the hatch-locking arrangement was being modified to make it positive and a fairing cover was being provided. Not a great deal of work is involved.

Pisces II has already undergone the modification and will be back in service in the North Sea to-day. Pisces I is having a general refit and the modification will be carried out at the same time: she is expected to return to a Ministry of Defence contract in about a fortnight.

Pisces II also is being refitted with the hatch modification being carried out at the same time. The submarine was slightly damaged and the extent of the damage will be investigated.

Meanwhile the inquiry will go on to establish what lessons were learned from the rescue operation. It is not expected to be completed before mid-October and then a further statement will be made.

In his letter to Mr. Prescott, Mr. Onslow says that although these vessels have been employed by Vickers for almost five years "this is the first serious incident involving the Vickers' vessels which has come to our notice and it seems doubtful whether it was the sort of accident which legislation would have prevented."

"I have also noted that there are proposals to introduce more submersibles to Britain shortly and that it seems unlikely that these will be all of the Pisces type. For all of these reasons I should prefer to keep an open mind on the question of statutory safety requirements at present."

He pointed out that the DTI surveyors will continue to work in co-operation with Vickers in the evaluation of the recovery and rescue operation. "I think, therefore, that we must now await the outcome of these further inquiries and decide on a future policy in the light of it."

# Labour call to end arms for Spain

By Philip Rawstone

THE LABOUR Party international committee yesterday condemned the sale of Harrier jets or any other arms to Spain and urged the Government to veto such sales.

A unanimous resolution said the sales would "give aid to the repressive regime" with which Britain was still in dispute over Gibraltar. It called on a future Labour Government to end any deliveries still continuing when it took office.

The committee also decided to ask Mr. N. H. Lunn, the Russian Ambassador, to meet a delegation from the party national executive to discuss the fate of dissidents in the Soviet Union.

# U.K. gross national product rose to £965 per head last year

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

THE U.K. gross national product last year amounted to £33,940m., or £965 per head of the population, according to figures released by the Central Statistical Office this morning. The gross national product is a measure of the total income of residents of the U.K.—before depreciation, and including income from abroad.

Last year's per capita income of £965 compares with a revised 1971 figure of £911. It reflects an 11 per cent increase in nominal gross domestic product (the total value of all the goods and services produced within the U.K.). But in real terms—that is, after allowing for price increases—the rise was 1.5 per cent, as measured by expenditure data, or 2 per cent, by the average of expenditure, income and output figures.

It is important to note that these are year-on-year changes. As the economy recovered from the high unemployment levels of the 1971-1972 winter, output expanded fast. The rate of expansion through the year—between the fourth quarter of 1971 and the same quarter of 1972—was about 5 per cent.

One main feature of the year was the sharp rise in consumers' expenditure, which went up by 5.9 per cent in volume (12.7 per cent before allowing for price increases) compared with 2.6 per cent the previous year and an average rate of growth of 2.2 per cent between 1962 and 1970.

The income going to the personal sector—via wages, rents and interest—rose by 13 per cent after deduction of tax and contributions—rose by 13 per cent between 1971 and 1972. After

WHERE YOUR £ WENT	1962	1972
%	%	%
Food* (household expenditure)	24.1	19.0
Alcoholic drink	4.1	7.5
Tobacco	4.4	4.4
Housing	10.3	13.4
Fuel and light	4.8	4.6
Clothing and footwear	9.4	8.4
Purchase and running costs of motor vehicles	4.1	9.9
Other goods	9.4	9.8
Other services	18.3	18.0

\* Excluding meals in restaurants, hotels, etc.

allowing for higher prices, the increase in "real" personal disposable income was 6 per cent, nearly three times as great as the rate of increase in the previous year.

Over 68 per cent of total domestic income (that is income from employment and self employment, gross trading profits of companies, gross trading profits of public corporations and other public enterprises and rent) consisted of income from employment, mainly wages and salaries.

Although a little below the percentage in the previous two years, this was half a percentage point above the average share over the years 1962 to 1969. On the other hand, company profits—at about 12 per cent of total domestic income—were a similar proportion to the previous two years but over two percentage points below the average for the 1960s.

In absolute terms company gross trading profits rose by 14.5 per cent between 1971 and 1972, after being flat between 1968 and 1970, and rising 8 per cent in 1971. In both 1971 and 1972 the increase in the money value of stocks is reckoned to have accounted for two percentage points of the profit rise. After stock appreciation, therefore, the rise last year was about 12.5 per cent.

When a similar adjustment is made for stock appreciation in respect of the share of company profits in total domestic income, the figure for both 1971 and 1972 becomes 10.5 per cent.

This is about three percentage points below the long term average. On the other hand, over the period 1962 to 1972, the growth in company taxes was less than the growth in profits, and in the latter part of this

EXPENDITURE GDP—PERCENTAGE INCREASES	Current prices	Constant prices
	1962(a) 1970 to 1971	1962(a) 1970 to 1971
(i) Consumers' expenditure	6.5	10.9
(ii) Public authorities' current expenditure on goods and services	8.8	13.7
(iii) Gross domestic fixed capital formation	7.9	9.5
(iv) Exports of goods and services	8.7	12.2
(v) Imports of goods and services	8.0	9.1
Expenditure GDP at factor cost	6.5	12.6
(a) Annual average		

period there were capital transfers to the company sector in the form of investment grants. The pace of inflation is shot by the fact that total costs per unit of output rose by nearly 9.5 per cent between 1971 and 1972, compared with an average of 3.5 per cent in 1962 to 1971 and 10.3 per cent between 1962 and 1971.

The effect of higher rents reflected in a long-run increase from 10.3 per cent to 13.4 per cent in the percentage of company expenditure going to housing between 1962 and 1971.

Another significant movement brought out in the statistics is the greater amount of money devoted to owning and running cars—up from 6.1 per cent in 1962 to 9.9 per cent over this period. National Income and Expenditure 1973 (The Blue Book), p. 85p.

# Gross National Product

	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
Expenditure										
Consumers' expenditure	18,923	20,118	21,488	22,978	24,251	25,455	27,395	28,968	31,404	34,838
Public authorities' current expenditure on goods and services	4,916	5,176	5,505	6,041	6,572	7,272	7,727	8,088	9,085	10,339
Gross domestic fixed capital formation	4,820	5,018	5,393	6,488	6,844	7,438	8,055	8,488	9,223	10,101
Value of physical increase in stocks and work in progress	— 8	161	734	487	346	322	439	416	257	19
Total domestic expenditure at market prices	28,651	30,473	33,710	35,844	38,013	40,487	43,556	45,930	49,979	55,297
Exports and property income from abroad	6,832	7,217	7,879	8,302	8,716	9,851	10,811	12,220	13,824	15,668
Less imports and property income paid abroad	— 6,599	— 6,556	— 7,388	— 8,167	— 8,430	— 9,035	— 10,861	— 11,549	— 13,026	— 14,372
Less Taxes on expenditure	— 3,879	— 4,027	— 4,437	— 4,952	— 5,427	— 6,004	— 6,818	— 7,759	— 8,433	— 8,808
Subsidies	608	569	516	574	572	815	910	855	850	895
Gross national product at factor cost	25,613	27,276	29,380	31,581	33,444	35,214	37,598	39,667	43,303	48,675
Factor incomes										
Income from employment	17,308	18,195	19,717	21,291	22,786	23,706	25,341	27,033	30,179	33,331
Income from self-employment	2,148	2,207	2,324	2,518	2,679	2,843	3,090	3,288	3,662	4,167
Gross trading profits of companies	3,259	4,103	4,944	4,741	4,810	4,683	5,725	5,143	5,279	5,736
Gross trading surplus of public corporations	745	840	924	988	1,042	1,132	1,383	1,451	1,395	1,464
Corporations' share of other public enterprises	84	92	104	112	106	110	132	146	152	185
Rent†	1,477	1,582	1,747	1,938	2,143	2,363	2,616	2,936	3,316	3,947
Total domestic income before providing for depreciation and stock appreciation	23,333	27,029	29,380	31,590	33,366	34,817	37,517	40,007	43,982	48,570
Less Stock appreciation	— 182	— 122	— 232	— 321	— 347	— 187	— 584	— 733	— 1,137	— 1,058
Residual error	76	31	119	— 113	38	206	10	166	57	647
Gross domestic product at factor cost	23,227	26,878	29,187	31,156	33,057	34,836	37,263	39,168	42,788	47,159</



# Labour men see hope of political mix in Ulster

BY RHYS DAVID

BELFAST, Sept. 11

THAT a political union in Ulster might now be sighted, were expressed here today by Mr. Merlyn Rees and Stanley Orme, the Labour Party's spokesman on Northern Ireland, as they ended their two-day fast-breaking visit.

Although cautiously optimistic, Rees said they detected some degree of flexibility by the parties, and they were hopeful an executive could be formed.

Mr. Rees envisaged a Labour re-assessment only in the event of the majority of members elected to the Assembly failing to agree on the shape of a new administration.

He would not be drawn on what steps might have to be taken if an executive is not formed. He and Mr. Orme clearly seem to have been impressed, however, with the arguments put forward by the Social Democratic and Labour Party on the need for parallel progress on a number of fronts, including policing and the establishment of a Council of Ireland.

The two men hoped that a framework might emerge from Mr. Heath's talks with Mr. Liam Cosgrave, the Irish Prime Minister, next week. It would be for the Council itself to decide on the limits of its powers, Mr. Rees said, but one field in which it might operate would be security.

In a statement timed to coincide with the announcement of Mr. Heath's visit, the Unionists this week indicated their willingness to see security discussed jointly with the authorities in

progress is being made, albeit slowly towards setting up an executive, and as long as the security forces appear to be winning their battle, the bipartisan approach at Westminster will not be endangered.

Although the Council of Ireland is not mentioned, the party has called for inter-governmental discussions on measures to end terrorism in the North, and on extradition.

This action, it is stated, would enable a council to be formed with equal membership from the Governments of Northern Ireland and the Republic. It could discuss matters of mutual interest, particularly in the economic and social fields.

Conditions

Although largely a restatement of Unionist policies first outlined more than a year ago, it is significant at this stage as a reaffirmation of the party's willingness to enter a council provided certain conditions are met.

These are acceptance by the South of the right of the people of Northern Ireland to self-determination, and exclusion from the council's remit of any powers to deal with the constitutional position.

During their visit, Mr. Rees and Mr. Orme had discussions with the leaders of all the main political parties, and with Mr. William Whitelaw, the Secretary of State. They also met representatives of the Police Federation.

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## Swan Hunter welders vote for pay strike

BY OUR OWN CORRESPONDENT

SOUTH SHIELDS, Sept. 11

ONE THOUSAND welders in the five Tyne shipbuilding yards of Swan Hunter voted at a mass meeting at Wallsend today to go on unofficial strike.

Their walk-out was touched off by an ultimatum from the management to resume normal working or be laid off. For nearly two weeks the welders had been bannering overtime and also refusing to use iron powder electrodes—which help to speed output—in support of a bonus demand which had been rejected.

Today's events were precipitated by the management applying its ultimatum and suspending ten welders at the Neptune Yard, Walker. This led to a walk-out by all welders at the consortium's shipbuilding yards on the river followed by the mass meeting.

A Swan Hunter spokesman said tonight: "The management is no longer prepared to accept the restrictions on overtime and use of electrodes by the welders. The men were told today that they had either to get back to normal working, or be laid off but they chose to go on strike."

Underlying the bonus dispute is a wider issue in which

the welders are seeking to regain their position as the highest-paid men among the boilermaking trades in the Swan Hunter yards. They are seeking the restoration of big pay differentials they once enjoyed over other boilermakers and are demanding their own negotiating rights. A proposal opposed by both the management and the Boilermakers' Amalgamation.

Last week the welders snubbed their union when they were called to a meeting by district officials, at which they would have been told to resume normal working. Less than 50 of the men attended, including about 20 shop stewards. The remaining 850 stayed away.

Channel car ferry damaged

Cross-Channel car ferry services were disrupted yesterday when the Maid of Kent was damaged entering Boulogne Marine station.

The vessel was taken for repairs, and later replaced by the ferry Vorigern.

## Building societies' staff move to set up own federation

BY NOEL HOWELL, LABOUR REPORTER

THE FIRST step towards the creation of a federation of staff associations for building societies' staff was taken at a Westbourne and Nationwide meeting in London yesterday.

The move follows recent incursions by outside unions, notably the National Union of Bank Employees, into a relatively unorganised area of 30,000 white-collar workers.

At yesterday's meeting, 31 representatives and observers led by the three largest staff associations, adopted a resolution endorsing the principle of staff association representation in building societies and the staff associations meeting said, creation—when sufficient associations have been formed—of a federation.

Only two building society staff associations at yesterday's meeting were registered—Leak and Westbourne and Nationwide—while a third, Anglia, is seeking registration. The Anglia association is to-day expected to oppose NUBE's claim at the NIRC for sole recognition at the society.

NUBE has a claim at the Temperance Building Society due to be heard on Friday. Last night, Mr. George Taylor, the union's assistant secretary dealing with the building society field, commenting on yesterday's staff associations meeting said, "It will mean an awful lot of discussion; it's a pity they won't join with us now."

Last month, the CIR came down in favour of NUBE representation at the Coventry Economic Society and against staff association recognition. NUBE had fewer members. The Commission decided the newly-created association at Coventry Economic was not viable as a negotiating agent.

The CIR did, however, record the support of some staff for the creation of a federation of staff associations in the building society field which could eventually lead to the creation of a specialised building society union.

Anglia move

The decision is a blow to NUBE efforts to diversify into the building society field though the union has already won recognition in seven relatively small societies and has two further recognition cases at the National Industrial Relations Court this week.

The staff associations are due to meet again at the end of November to decide whether the time is ripe to set up the federation.

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# In the high-flying world of international finance, there's a need for a big bank that gets down to earth.

Raising money for overseas ventures tends to be a complicated process.

And at Manufacturers Hanover uncomplicating things for our customers is what our International Division is all about.

We're in 18 pivotal countries with either a branch, representative office or banking affiliate. We own an interest in several foreign banks and finance companies. Our London-based merchant bank is one of the most active underwriters of Euro-currency issues in the Euro-markets. And

this year we'll be forming a new merchant bank in Hong Kong.

The result: our International Division has more than \$5-billion in loans on its books. These range in size from a \$77-million loan for roads and railways in Brazil, to loans of several thousand dollars to small businesses.

And we're able to do it because we have the kind of bankers who get right to the heart of the matter. When you come to them with an international problem, they respond.

**MANUFACTURERS HANOVER**  
We roll up our sleeves and get the job done.

James R. Greene, Senior Vice President and Deputy General Manager



## GARDENS TODAY

# Convolvuli in September

BY ROBIN LANE FOX

SEPTEMBER is the month when the garden can do with some Convolvuli. This may sound like madness but it has already struck me twice in the past week and I intend to follow up the idea. The hedgerows and the roadsides should be inspected in case you are incredulous. There are patches of browned nettles, one of the distinguishing uglinesses of Britain's common flora, there is this downy, a wonderful thing, certainly; but only born on plants that are near senility. The one fresh feature is the Bindweed in its two main forms. In Sussex they used to refer to the white trumpet-flowered bindweeds as "Lilies," but that was before the days of the commuter and the week-end gardener.

The finest is worth the small trouble of preserving it through cuttings taken each autumn and wintered away from the frost: the North African Bindweed, *Convolvulus Mauritanicus*, was looking just as pretty when I saw it at Sissinghurst in late June as it now does in the rock garden at Kew.

## Long season

Its season is long, especially in a warm summer, and its typical chalk-blue flowers are a distinctive colour which mixes well and always attracts interested comment. On top of a dry wall, for example, it would enjoy the sharp drainage and tint into a carpet some two feet wide, frost permitting; another home might be a pot or urn where it could fall over the edge and make a pleasant alternative to the usual ivy-leaved Geraniums.

Plants for pots are one idea we can borrow from grand public gardens and use appropriately at home. I have already noted down the use of Saint Bruno's Lily, a small white-flowered perennial of great merit, a rusty orange monk called *Mimulus Guttosus* and the possibility of small bushes of silver-grey leaves.

The latter brings me, once again, to Bindweed's foreign cousins: there is a particularly pretty silver-leaved Convolvulus called *Cheorum*, after (I believe) a Spanish aristocrat whose name was *Cueor*. It must be treated with care, for winter wet and extreme cold will kill it. Try planting it in very gritty earth in a pan or grouping it in one of those shallow urns that are popular but so difficult to garden satisfactorily. It will then delight you with the pink flowers of a refined field Bindweed and a nine-inch clump of startlingly silver leaves. You can buy it, like most silver plants, from Mrs.

Underwood, Ramparts Nursery, Colchester, Essex. Troublesome, but eminently worthwhile.

If these two continental Convolvuli will bring the smaller-flowered bindweed safely and charmingly into the late summer garden, what of the big white twiner who takes so much time to poison and uproot?

The equivalent, here, is the wonderful Morning Glory, still better known for the absurd outcry about the hallucinatory powers of its seeds than for the vibrant blue funnels of its flowers. Like the big white twiner it is not a Bindweed but has a different Latin name, in this case *Ipomoea*.

1973 has been a rare season for Morning Glory, just when I failed to order any seed. Visiting to the Mediterranean should not be diverted by memories of white-washed walls smothered in blue Morning Glory; in England, even in this summer, I think the Morning Glory is best as a summer pot plant, sown under glass or in a warm kitchen in April, sown up one to a pot in May, then placed outdoors in June with a tripod of bamboo canes and wire or wire netting to encourage it out of a pot which should be five inches wide or more.

Its fleshy roots respond to liquid manure but if fed too often into summer it tends to be rather than flower. It must stand in the sunniest position, place both to keep its flow open for their very brief life, to encourage buds to form.

## A good year

If the temperature stays as low as in the usual English July, the leaves will turn a sickly yellow in disgust. Morning Glory is perhaps most dependable in a conservatory or glass house, though the years of poor returns out doors are soon forgotten in a year like this. I have just seen six plants, trained more or less as I describe, standing on the paving of a newly built house by the nearest bus-stop. They put the neighbours' marigolds to shame.

## APPOINTMENTS

# Whitbread Board post

Mr. A. J. J. Simonds-Gooding, the group marketing director, has joined the Board of WHITBREAD AND CO.

Mr. C. C. Milestone, who has been appointed group controller of property in succession to Mr. J. L. Baker, has been appointed a specialist director. Mr. J. E. Parkinson, who has succeeded Mr. J. H. B. Whitton as controller of distribution, has been appointed a specialist director.

Mr. Robin Sternberg has been appointed managing director of STERLING SEATING, the A. Aronson (Holdings), subsidiary. Mr. Ian Robertson is now marketing director.

Mr. W. Goodfellow has been appointed to the Board of HAROLD DAWSON PROPERTIES.

Mr. George Russell, manager of ALCAN (U.K.) aluminium plant at Lynemouth, Northumberland, has been appointed a director of the company.

Mr. M. C. Honey has resigned as deputy managing director of CAM GEARS, to pursue other business interests.

Mr. Rudy Clyne has been appointed deputy chairman and joint managing director of JOHN E. DALLAS AND SONS.

Mr. Basil de Launay, a director of the Argus Press, is joining the Board of its parent company, the ARGUS PRESS HOLDINGS, a member of the British Electric Traction Company group, on October 1. He has also been appointed assistant managing director of the Argus Press from that date.

Mr. D. Horn, a director and

secretary of the Argus Press Holdings and the Argus Press will retire from the group on September 30. Mr. A. T. Patten has been appointed secretary to both companies from October 1.

Mr. Bruce D. MacPhail has been appointed assistant managing director of STERLING GUARANTEE TRUST.

Dr. Ivor Jenkins, a past president of the Institute of Metallurgists, has been appointed group director of research to the DELTA METAL COMPANY, which he joined in 1968 as head of the central laboratories and research services at Ipswich. He will also be managing director of Delta Materials Research, under which title the laboratories are being reorganised.

Mr. Gordon Holloway, chief executive of RALLI MERRILL LYNCH (INTERNATIONAL), has been appointed managing director.

Mr. I. MacKinnon, managing director of Glaxo Laboratories, has been appointed president of LABORATOIRES GLAXO SA, the group's subsidiary in France, with effect from January 1, 1974, on the retirement of Dr. G. P. Shifaw. Mr. P. Scruton, marketing director of Glaxo Laboratories, will succeed Mr. MacKinnon as managing director.

Mr. D. N. Lindon, currently head of the marketing services division of Glaxo Holdings, will succeed Mr. Scruton as marketing director of Glaxo Laboratories on the same date.

Mr. Stanley N. Bottrill will be

appointed president of the RETAIL CREDIT FEDERATION at the annual conference on Thursday, September 20. Mr. Bottrill is joint managing director in the credit retail business of M. Bottrill and Sons.

Mr. W. D. D. Allen has been appointed secretary of AAR and of BRITISH FUEL COMPANY. He succeeds Mr. T. G. Thomas, who has retired.

Mr. P. E. G. Relfour and Mr. B. C. Watson will join the Board of HARP LAGER on October 1 in place of Mr. J. H. E. Craster and Mr. E. S. Swallow, who retire on that date. Mr. N. G. Browne is to become financial director.

Mr. B. E. Quelch and Mr. Browne are joining the Board of HARP LAGER (Sales) from October 1.

Mr. Frank Rogers is to become director of corporate relations of the PLESSEY COMPANY at the end of the year when he retires as director general of the News Paper Publishers Association. Al Plessey he will succeed Mr. John Dennett.

Mr. Roger Castleman has been appointed commercial and financial director of the STANDAR ENGINEERING COMPANY. Mr. Julian Swick has become sales and marketing director. Mr. I. G. Wearing has been made a director and general manager of Pochin and Gent.

Both concerns are members of the Halma group.

Mr. Peter J. F. Breach, an associate director, has been appointed a full director of J. H. VAVASOUR AND CO.

# hals in a favourable position

## 1972

the sales volume of Chemische Werke Huls AG rose by 7.5% — evidence of the good demand for our products. The turnover growth of the Huls Group of 1.5% to DM 1,499 m turned out less mainly due to currency changes. The upturn which became evident from the autumn of 1972 has continued. During the first six months of 1973, turnover rose by 20%. This also puts Huls on the road to achieving a good result, an objective whose achievement depends not least on overall economic developments.

## DM 206 m

the Huls Group invested during 1972. To safeguard future competitiveness, investments of DM 319 m and DM 347 m had previously been made in 1970 and 1971. Meanwhile a number of new plants have come into operation. These capacity extensions already yielded positive results at the beginning of 1973 and will become fully effective by the end of 1973.

Despite the partially extended capacity, there are delivery difficulties with some products. But we shall make every effort to remove bottle-necks.

Continuing the environmental protection measures carried out for 30 years, in 1972 for this purpose

## DM 27 m

were spent. DM 9 m of this were pure investments. The actual expenditure was even greater. Many measures for the protection of the environment form part of the technology of the plants and therefore cannot be accounted for separately. DM 14 m alone were spent on improving the exhaust-air condition of our power supply.

## 34.5%

of the CWH production was exported in 1972. From October 1972 an increase in demand began which for many products rose by leaps and bounds in 1973. Thus the share of exports during the first half of 1973 reached about 37%. This promises further improvement in turnover and profits.

## 1973

will certainly not bring a yield bonanza because the investments, whose costs had encumbered the results of 1971 and 1972, are only partly offset in 1973 through these new plants. In addition, there is also the effect of the rationalization investments which contribute towards increasing the profit potential of the company. The upward trend, however, emerges clearly from a comparison between the results of the first six months with those of 1972. For the second half of the year, too, we expect fully utilized capacities and growing demand in important segments. When, for instance, the new 400,000 ton a year ethylene plant, built jointly with VEB-Chemie, and the new natural gas power station start up at the end of 1973, a further important step will have been taken.

So Huls is in a favourable position. To see it stays that way, we have the support 15,000 of the employees of the Huls Group. Among them are 350 chemists and physicists, 500 engineers, 1000 technicians and laboratory staff, 2000 sales staff and 1000 foremen and 3500 skilled workers. Together with all the other occupational groups represented in the works, they contribute their share to the continued development of the company.

# hals

Chemische Werke Huls AG - D-4370 Marl  
Represented by:  
Hals (U.K.) Ltd.  
Eastbury House - 30-34 Albert Embankment  
London S.E.1

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# COMPANY NEWS + COMMENT

## Reckitt and Colman ahead by 24.3%

FIRST-HALF 1973 profit from Reckitt and Colman has advanced 24.3 per cent, to £12.73m, and, subject to exchange differences, chairman Mr. A. M. Mason is expecting the year's figure to show "good improvement" over the £10.53m of 1972.

Sales expanded 22.7 per cent, to £122.5m, and trading profit 21.6 per cent, to £13.32m.

Mr. Mason points out that there were considerable fluctuations in exchange rates, with differences adversely affecting results to the extent of £1.02m—charged to trading profit. Major factors were the weakness of the U.S. dollar, which was significant because of the size of the group's interests in America, and the strength of the DM affecting certain Continental financing obligations.

Because of the floating pound it is not possible to predict the amount of exchange differences for the full year and, in the event, these may be more or less than the amount shown for the first half.

A net interim dividend of 3.15p is declared, equal to last year's 4.5p gross, for 1972, total payment was 9.75p gross.

Attributable earnings were £5.43m (£4.92m), or 9.3p (8.3p) per share. Had the corporation tax system been the same for the two half years, both earnings and earnings per share would have been some 15 per cent. higher than for the corresponding period.

Group products include food, wine and soft drinks; toiletries; pharmaceuticals; household cleaners; industrials.

### comment

The first half pre-tax gain of almost a quarter by Reckitt and Colman would have been nearer a third but for the group's conservative accounting treatment of exchange fluctuations; in Germany, for instance, the borrowings incurred in the acquisition of Olivin have been revalued, but the heavy goodwill element in the purchase has not been correspondingly written up. In general it looks as though Reckitt's U.K. interests have put in a particularly strong performance, which is in line with the group's plans to cope with its potential ACT problems. Other areas also showed gains, but the U.S. was held back by the weakness of the dollar, while the

### HIGHLIGHTS

Plessey has met the general expectations of £30m. pre-tax profits with a margin to spare and there has been a notable improvement in the overseas performance. First-half profits from Bovis are up by almost a fifth but no forecast of the full year's outcome is offered; Costain is well in advance at half-time and is looking for "significant progress"; but both shares closed lower on the day. These are analysed in the Lex column along with the interim figures from Babcock and Wilcox which are also way ahead of the corresponding level, with the forecast of a "significant improvement" for the full year. Reckitt and Colman half-time profits are up by more than a fifth after charging £1m. exchange losses, and of the other interims Blackwood Hodge has lifted profits by two-thirds, Barton and Sons by three-fifths and Audiotronic by two-fifths (if the Adler acquisition is excluded). Full year results from John Peters reflect the furniture and retail trading boom, while Countryside has topped its prospectus forecast.

impact of the new Springfield plant has yet to show through (it came fully on stream about June). The full year is hard to predict, but net earnings could top 20p a share, giving a prospective p/e at 28.5p of around 14—usual, on the high side.

Statement Page 26

## Incedon second half upsurge

ON A TURNOVER up from £3.44m to £4,004,625, group pre-tax profit of Incedon and Lamberts expanded from £400,658 to £482,465 for the year to March 31, 1973.

When reporting first half profit of £196,300 (£200,378), the directors indicated that results for the year should not vary greatly from those of the previous year.

But a substantial increase in activity in the main business of the group during the second half produced the significantly better results. And there has been a further increase in group turnover in year to date, the directors state.

A final dividend of 2.05625p net, equal to 2.9375p gross, makes a total up to 3.5375p from 3.75p. Earnings per 25p share are shown at 6.91p (4.88p), before crediting extraordinary items of £142,702 (debit £11,756).

Net profit on sale West Draxton premises after charging removal costs £107,492 (nil), and tax adjustment £33,510 (debit £1,281).

The company is engaged in the manufacture and fitting of plastic pressure pipes, plumbers' mer-

moving and construction equipment.

	1972	1973
U.K. sales	12,025	12,064
Overseas sales	41,728	21,501
Profit before tax	2,550	1,500
U.K. tax	407	171
Overseas tax	291	165
Net profit	1,852	1,164
Minorities	48	41
Loss		

### comment

The upsurge of activity in the main U.K. "earth moving" activities during the first six months of the current year enabled Blackwood Hodge to reverse the full domestic sales trend of the first half of 1972. U.K. turnover up by 78 per cent, (but only 15 per cent. ahead of the comparable 1971 period) and overseas sales 28 per cent. better led to an interim pre-tax jump of almost two-thirds. For the remainder of the current year the healthy effect of marginal turnover, plus increased international competitiveness due to currency realignments, should prevail over higher operating, setting up and borrowing costs. A pre-tax output of £5.5m. (showing a full year increase of 35 per cent.) would produce a fully diluted net p/e in the region of 11 at 196p, where the price is already showing a recovery of a third from its year's low.

## Barton set to match record

ON A TURNOVER up from £7.4m to £9.82m, first-half group pre-tax profit of Barton and Sons, engineers and tubing manufacturers, increased from £488,000 to £783,000. Per share earnings are shown at 3.61p against 2.5p.

And the chairman indicates a full year's profit in the vicinity of the £1.56m. record achieved in 1971, compared with the £1.37m. for 1972.

An interim dividend of 1p net per 25p unit, compared with a net equivalent of 0.92p a year ago, is now declared. The 1973 net total was 2.81p.

Mr. C. Roper, the chairman, says the tube division, helped by much improved performance from overseas subsidiaries, now generates more than half group profits.

The contribution of the structural and welded fabrications division was at a slightly lower rate than in 1972—although now winning business at more realistic prices, it is inhibited from accepting certain contracts by the inadequacy of steel supplies.

The general engineering division maintained its 1972 rate of profit-earning and its management

## Blackwood Hodge £1m. up so far

FROM SALES £14.39m. ahead at £33,76m. first half 1973 profit of Blackwood Hodge has spurred £1.01m. to £2.36m. This represents a recovery to the level of the 1971 half year.

It is not possible to make a reliable forecast for the current six months, but the directors feel that the year's profit will show a "substantial improvement" over the £4.05m. attained in 1972. Then a total dividend of 17.18 per cent. was paid.

Earnings were 6.5p (4.08p) per share basic and 6.17p (4p) diluted. Blackwood Hodge specialises in the sale and servicing of earth-



Plessey's chairman, Sir John Clark, who announces 12-month profits up from £20.7m. to £31.5m. pre-tax.

is optimistic about the current outlook.

	1972	1973
Sales	9,822	14,377
Group profit	783	1,572
Taxation	78	150
Net profit	415	818
Preference divs.	415	15
Ordinary dividends	113	263
Depreciation on freehold and leasehold	415	15
Charge in year 1973 was		558,304

### comment

Dull performances in fabrications and general engineering have not stopped Barton from turning in a bumper sixth month. Plainly the tubing divisions are right into their stride and with the overseas operations—occupying a fifth of the group workforce—gaining further from currency swings, profits are 61 per cent. ahead pre-tax. In the second half the caveat lies with poor steel supplies and margin controls, for annual profits of £1.58m. (the 1971 level) would mean a decline of a tenth in the July-December period. Still, at 64p a net p/e based on about 9c of 61, is no mean feat, especially when there is strong support from net worth at 58p and a prospective yield of 7 per cent.

Statement Page 24

## Countryside exceeds forecast

PROFIT BEFORE TAX OF Countryside Properties improved from £13,000 to £1,251,000 in the year to June 30, 1973 which exceeds by 14 per cent. the £1.1m. forecast when the company was made public last November and reiterated in April. Earnings are shown at 14.2p against 4.4p per 5p share.

The directors say they are confident the group—London-based property developers—is in a strong position for growth in the years ahead. A final dividend of 2.5p a share net equivalent to 4p gross provides a gross equivalent total of 6.5p, compared with the 6p forecast in the offer for sale.

The directors predict that it is now group policy to expand considerably commercial and industrial development activities. It is intended to retain some of these projects as investments. Commercial developments in hand will have a completed value of about £3m.

### comment

With a large chunk of its issue left with the underwriters and the shares dwindling to a 25 per cent. discount on the offer price Countryside needed good figures to restore some confidence. A 14 per cent. increase over the prospectus forecast, putting the shares at 68p on a net p/e of 61, is no doubt about the future. True, Countryside's historic rating is lower than most, but then there must be a vast quantity of stock overhanging the market. Moreover, Countryside will, in line with the sector in general, find it extremely difficult to register growth on the residential side given the squeeze on funds, high interest rates and a depressed second-hand house market. It is significant that more emphasis is being put on commercial developments but from a small base these could cause substantial profit distortions depending on successful completions. So despite the good 1972-73 results Countryside still has a long haul ahead of it if any significant improvement in status is to be seen.

## Heenan Spark

"Attractive" growth opportunities exist within the present structure of Heenan Spark, chairman Mr. David Innes tells members.

The directors are confident the

	1972-73	1973-74
Turnover	2,090	2,090
Residential	5,736	1,107
Commercial	5,900	3,107
Profit	1,251	313
Residential	1,130	313
Commercial	121	
Taxation	509	142
Net profit	742	171
Extraordinary credit	171	19
Dividends	273	
Retained	470	190

## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year
Abel Morrell	1st 0.7(c)	Jan. 4	0.87	—
Andronicus Bldgs.	25(c)	Oct. 11	—	—
Breedon and Cloud Hill	—	—	—	—
Int.	3.37(g)	Oct. 27	5	—
Richard Costain	Int. 2.38(e)	Jan. 4	2.17	—
Incedon and Lamberts	2.34(d)	Oct. 19	2.75	3.94
Midland-Caledon	2nd Int. 4(h)	Oct. 20	—	—
Plessey	3.5(b)	Nov. 14	5	10.5
Amber Day	—	Oct. 31	12.5	18.35
Babcock and Wilcox	Int. 1.12(f)	Jan. 7	1.02	—
Boyle	Int. 12.6(n)	Jan. 2	—	—
GRA Property	Int. 5.58	Oct. 12	5	—
Halifax	Nil	—	17.1	12.1
John Peters (Furnishing)	16.5(l)	Nov. 8	16	21.18
Montfort (Knitting Mills)	Int.	—	—	—
Int.	4.4(f)	Oct. 24	4.2	—
Countryside	4(r)	—	—	84
Coley-Robinson Group	1.57(g)	—	1.25	2.83
Incedon and Lamberts	1.63(p)	Oct. 15	1.5	2.83
Capital and National	1.78(f)	—	3.01	2.80
Capital and National	1.07(f)	—	0.87	—
Reckitt and Colman	Int. 3.15(s)	Jun. 2	4.5	—
Crest	Int. 5(t)	Oct. 18	4	—
Barton and Sons	Int. 19(t)	Jan. 1	0.92	—
National & Grindlays	Int. 8.57(s)	Jan. 1	8	—
Kennedy Sizable	15	—	12	25

\* Equivalent after allowing for scrip issue. † Pence per share capital increased by rights and/or acquisition issues. ‡ Net of last year's gross. (a) Gross of 1.75p. Company made public Sept. 1972. (b) Gross of 3.35 per cent. (c) Gross of 0.48p. (d) Gross of 2.05625p. (e) Gross of 1.85p. (f) Net. (g) Gross of 1.5p. (h) Gross of 2.5 per cent. Making 8 per cent. to date. (i) Gross of 10 per cent. (j) Gross of 9.355 per cent.—on increased capital. (k) Gross of 0.7875p. (l) Gross of 8.82 per cent. (m) For nine months. (n) Gross of 1.1875p. (o) Gross of 0.9625p. (p) Gross of 2.8p. (q) Gross of 6 per cent. (r) Gross of 34 per cent.

## Some growth for Nat. & Grindlays

FOR THE first half of 1973, net attributable profits, before non-recurring credits, from National and Grindlays Group have risen £215,000 to £1.7m.

The interim dividend is 8.57 per cent. gross, or 6 per cent. net. Shareholders are reminded that the maximum dividend for 1973 is at present limited to 18.10 per cent. (12.73p per cent. net), which would compare with 17.25p per cent. paid in 1972.

	1972	1973
Group profit	5,000	5,000
Associates	6,785	12,107
Total profit	11,785	17,107
Group tax	1,000	1,000
Associates	1,000	1,000
Total tax	2,000	2,000
Net profit	9,785	15,107
Non-recurring credits	—	63
Attributable	9,785	15,170

Net attributable profits of National and Grindlays Bank improved by £261,000 to £2.63m. which the directors consider is not satisfactory. The favourable trend in overseas earnings continues generally as summarised in the annual statement for 1972.

There is no doubt, they state, that part of the London business will continue to suffer while interest rates are so high. However, elsewhere there are improvements. Additional resources available since December are beginning to have their effect; international landings arranged from London have grown healthily, and new ventures recently started are beginning to contribute to profits. In particular, Brands business has developed very actively.

Results of the banking group are given in the table. Results of overseas branches and subsidiaries have been consolidated.

An interim dividend of 1 cent net—equal to last gross 5 per cent. is declared total for the nine months at 10 per cent. gross.

	1972	1973
Greyhound racing etc.	800	—
Property interests	700	—
Trading profit	1,418	—
Net profit	1,418	—
Profit before tax	676	—
Taxation	464	—
Attributable	212	—
From capital rest	167	—
Dividends	111	—
Interim div.	111	—
Half year to June 30, 1973	111	—
Net interest payable on property development	—	12,000

## COUNTER-INFLATION: ACT 1973

The Treasury have given consent to the declaration by the following companies of dividends of the total amounts specified for financial years ending on the specified dates:

Securities Ltd,	London W1	£142,747	31
Warran Rubber Holdings Ltd,	London EC3	£40,445	30
Stoddard Holdings Ltd,	Renfrewshire	£125,000	31
Dexion-Comino International Ltd,	Wembley	£109,884	31
Ayer Hiam Tin Dredging Ltd,	London EC4	£849,643	30
Wrensoms Stores Ltd,	Chadderton	£259,118	31

## You're looking at one of the best reasons for investing in the Cheltenham & Gloucester.

All our Branch Managers are thoroughly experienced businessmen, ready to help you with their first-hand knowledge of investment. This is Jack Morrison of our Edinburgh office.

Especially at times of uncertainty it must make sense to consider an investment in the Cheltenham & Gloucester and to discuss your requirements with one of our Branch Managers.

Our wide range of investment plans offers a high rate of interest (basic rate income tax paid) backed by a strong Society with assets exceeding £225 million.

Contact any of the 50 Cheltenham & Gloucester Branch Managers. It will be time well spent: they will be pleased to advise you.

## CHELTEHAM AND GLOUCESTER BUILDING SOCIETY

West End Office: 68 Baker Street, London W1M 2ER. Telephone: 01-935 0016  
City Office: 87/89 Queen Street, London EC4N 1SN. Telephone: 01-248 1022  
Chief Office: Cheltenham House, Clarence Street, Cheltenham GL50 3JR. Telephone: 0242 31441/2/3/4  
Branches & agencies throughout the U.K.; are listed in your Yellow Pages.

## Will you join the government pension scheme in 1975?

By that date all companies must be operating an approved pension scheme. Or join the Government one.

It is likely that a scheme tailored to the needs of a particular company can be constructed to provide greater benefits than an overall national one.

Brands are expert in all pension fund matters and offer a complete pension service including the associated insurance aspects.

They can design any pension scheme for your company or review your existing one.

They can provide investment management services for any Pension

Fund, and they can take over the administration of your existing scheme on a day to day basis.

To facilitate this service they run jointly with The Scottish Life Assurance Company, Scot-Brandt Pension Services Limited.

The administration and management actuarial services are provided by Scottish Life, the investment by Brands.

For further information about any of these aspects of Pension Fund Management, contact F. A. Mawe, Director, Wm. Brandt's Sons & Co. Ltd., 36 Fenchurch Street, London EC3P 3AS. Telephone: 01-626 6599.

## Brandts

The Merchant Bankers



هكذا من الأمل



Terms have been agreed in principle for the acquisition by Anthony Carrimore of John Ratcliff (Tail Lifts) in exchange for Ordinary and Convertible preference shares of Carrimore. Ratcliff is not listed on The Stock Exchange, but is the biggest manufacturer in the U.K. of mon shares in Canadian Vickers has resulted in shares in excess of 100,000 being deposited. Only 100,000 will be taken up pro rata according to the number of shares offered. Vickers will then hold 72.03 per cent. of the capital of Canadian Vickers.

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**THF has over 72% of Travelodge**

Trust Houses Fort announces that it has now over 72 per cent. of *Travelodge International* following last month's offer. A total of 1,731,480 shares of the Common stock was purchased for cash and 132,550 shares were already owned before the offer was made.

## Goldman Group acquisitions

H. Goldman Group is acquiring the capitals of Super Clocks Importers), Time Efficiency and Albel Manufacturing, for \$238,600 (\$176,000 cash and \$165,000 by the issue of 300,000 Ordinary shares, with the balance of \$100,000 pay-

The shares will be placed as to  
half with clients of Slater Walker  
and half with members of the  
oldman Board.

Pre-tax profit of the three companies for 1972 was £99,948 and tangible assets at December 31, 1972, totalled £130,523.

**WILSON & LONGBOTTOM**

Wilson and Longbottom of Rmsley, specialised textile machinery makers, has purchased

**Coley-Rotolin**  
profit rise

Engineers Coley-Rotolin Group has lifted its pre-tax profit from £96,500 to £151,846 for the year to March 31, 1976. At half way, with profits up at £40,027

## PARAMBE STAKE IN LITTLE HAVEN

Parambe has acquired 695,000 ordinary shares (17.375 per cent.)

**Little Haven Farms.** increase permitted over last year's 2.5n.

**SHIPTON** The directors say that following the recent acquisition of the assets of two companies, preparations are in hand which they

Turnover	734,412	255,829
Trading profit	149,992	79,626
Interest	1,284	16,634

Pre-tax profit	151,946	96,590
Taxation	61,370	37,626
Net profit	90,286	58,964
Pre-acquisition	—	777
Dividends	49,478	33,909
Retained	40,817	4,074

# Spark

Spall K

## Substantial financial and

ged with Heenan Beddow Limited  
s of £5m. and a substantial  
Spark Holdings was reorganised with  
tern to the Board and the name

Directors to the Board and the name  
 Mark Limited.

of 5.3p per Heenan Boddow share.

investment opportunities in companies with both businesses, allied to the Group's present activities.

counting throughout the Group.  
develop their businesses autonomously.

company losses £1.2 million

**we are confident that 1973/4 will show a substantial  
gains per share to the benefit of shareholders and**

**LIMITED**

# INDUSTRIAL DIVISION

Consumer Goods	Engineering
<p><b>sedale Industries Limited</b>            manufacture, marketing and            sale of plastic goods</p>	<p><b>Hall &amp; Kay/Ductwork</b>            Environmental control heating            and ventilating equipment</p>

**Creffield/Blackstock**  
Precision engineering

Manufacturers of kitchen and  
housewares  
J. T. Price & Company Ltd  
Trionite Limited  
Non-ferrous foundries in brass.

**Isol Limited**  
Manufacturers of pyjamas and  
T-shirts  
**Isol (Hosiery) Limited**

Manufacturers of mens and  
socks  
Swedish Turnery & Plywood  
Ltd  
Contributors of imported timber

activities, structure and achievements to date,  
Report and Accounts.

St James's London SW1Y 6QU Tel: 01-9300011

[illegible]





## Western Trust & Savings Limited

guaranteed by

## Western Credit Holdings Limited

£6,000,000  
standby facility  
arranged by  
Italian International  
Bank Limited

and provided by  
Bank of Montreal  
Italian International  
Bank Limited  
Manufacturers Hanover  
Trust Company  
Philadelphia National Bank  
Société Générale (France) Bank  
Limited  
Western American  
Bank (Europe) Limited



## COMPANY NEWS

# Around £7.7m. expected by Babcock and Wilcox

UNLESS THERE is major industrial unrest during Phase III, profits of Babcock and Wilcox for 1973 will show significant improvement—some £2.7m.—over the £5.2m. achieved in 1972, forecasts the chairman Mr. John King.

Because of the buoyant U.K. economy which developed in the latter half of 1972, order books have improved. But materials and labour shortages are giving concern, he stresses.

For the first half (26 weeks) of 1973, profits have advanced by £2.04m. to £2.85m., from sales of £26.43m. ahead at £28.7m., including acquisitions.

While results for the current six months should be no less satisfactory than the first, they cannot be forecast to exceed them by the significant margin because of the changing structure of the group.

The interim dividend is raised from the equivalent of 1.02p to 1.15p gross, or 0.78p net; this represents an increase of 10 per cent. and is warranted by the results. The final will depend on the outcome for the second half and any Government regulations—the 1972 final was 1.25p.

First-half 1973 Year  
Turnover £26.43 £28.70  
Trading profit 1.78 1.80  
Investment income 0.27 0.28  
Interest charges 1.08 1.07  
Depreciation 0.12 0.12  
Profit before tax 2.44 2.51  
Taxation 0.59 0.66  
Minority 0.01 0.01  
Attributable 1.85 1.85

Mr. King says the U.K. product divisions have benefited from the growth in the national economy. Results of the construction equipment side were particularly good, while continuing efforts to achieve improved efficiency have also produced better results from power engineering.

Overall, the international division has had a very successful half year. Particularly satisfactory results were achieved by Claudius Peters AG in Germany and by Babcock and Wilcox Africa. At the same time, the unsatisfactory situation last year in Australia has been contained and the action taken both last year and this will result in a much improved performance in the second half of this year.

Recently, negotiations have been concluded for the acquisition of the outstanding one-third interest in Claudius Peters at a cost of some £3m. This company has forecast profits of £1m. for the current year.

The newly acquired GEMS and Woodall-Duckham groups contributed £2.4m. to turnover and some £750,000 to trading profit. Results of Woodall-Duckham have been disappointing, principally due to substantial delays in the receipt of important orders. These have now been awarded in the group's favour, and it should make its anticipated contribution to profit for the second half.

Referring to the proposed restructuring of the British nuclear power generation industry, Mr. King says it would be

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not issued unless the directors intend to make a recommendation or final and the sub-division shown below is based mainly on last year's timetable.

## TODAY

Interim—Anglo American Investment Trust, Bestobell, British Aluminium, Budge Bros., Crida International, Darton, Fawcett, Gurney, Riva, Stephens, A. A. Jones and Shillman, Kennedy's Builders Merchants, London and Lancashire, London and Lancashire, Thomas Tilling, Tube Investments, William Whitworth, James Wilcox, Wilson (Commodity).

## FUTURE DATES

Interim: Associated Fisheries, Sept. 20; B.A. Group, Sept. 19; Brooks Watson, Sept. 18; Bunt Fulp and Paper, Oct. 10; Fairview Estates, Sept. 20; Harrow and Uxbridge, Sept. 20; London Trust, Oct. 10; Perry (Harold) Motors, Sept. 20; Southern Constructors, Sept. 14; Wadkin, Sept. 14.

## Final

Australian and International Tel., Sept. 14; B. Bailey Construction, Sept. 14; Bracken Mines, Sept. 14; F. and C. Burrows, Sept. 17; Harrow and Uxbridge, Sept. 17; Industrial Contract Cleaners, Sept. 17; Kloron Mines, Sept. 14.

## Amber Day tops profit forecast

Amber Day has topped its profit forecast for 1973, with a turnover of £500,000 and a profit of £100,000.

Against a forecast of £500,000 made at the time of the merger with the Amber Group, the profit of Amber Day Holdings (formerly Dennis Day Holdings) amounted to £100,000 for the year to April 30, 1973, on a turnover of £500,000.

For the previous year turnover and profit of Dennis Day was £426,221 and £242,071 respectively.

Earnings per 10p share—nil distribution basis—were 8.44p (5.52p), and fully diluted 7.01p.

The company—retail store and clothing manufacturers—has authorised expenditure of £1m. to open four new stores before Christmas from resources and bank facilities.

Trading for the current year shows a satisfactory increase in all divisions and a further increase in profits is confidently anticipated, the directors state.

A final dividend of 9.3825 pence net, as forecast, equal to 13.375 pence gross, raises the gross total from 17.5 pence to 23.9 pence. The holding of 100 shares did not rank for the interim.

The first dividend payment on the 0.5m. Preferred Ordinary 10p shares is due on November 1, 1973. The shares issued last March to Ordinary holders at 60p per share are entitled to a Preferred of 35 pence (with related tax credit equivalent to 15 pence) net.

Mr. Scott says the group performed well to achieve record sales and profit. In the first half the company experienced a reduction in sales while adhering to the CBI voluntary prices standstill which was followed by the freezing of wages and prices under Phase One.

The year's trading was also affected by cessation of work on some building sites resulting from industrial action by building workers and by the subsequent slow progress on sites and commencement of new building projects.

Meeting Solihull, October 9, noon.

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## £2.3m. scrip from John Peters

PROFIT of John Peters (Furnishing Stores) climbed from £1,750,000 to £2,325,000 for the year to March 31, 1973, after being nearly £200,000 ahead at £2,025,000 last year.

Provision transferred to deferred profit reserve of £86,554 was substantially lower than the £239,021 for the previous year, leaving the pre-tax profit at £2,395,955 against £1,811,000.

Attributable earnings per 25p Ordinary share are shown to have risen from 10.1p to 18.4p.

The final dividend is raised from 15 pence to 16.5 pence net—11.7p per cent. net—to lift the total from an adjusted 20.187 pence to 21.178 pence, the maximum permitted. A one-for-four scrip issue is also proposed.

1973 1972  
Turnover £2,267,443 £1,750,000  
Trading profit 2,352,639 1,750,000  
Provision deferred profit 86,554 239,021  
Tax 53,815 61,845  
Available 1,100 1,100  
Ord. dividends 134,340 44,523  
Chairman waived interim and final dividends.

Proposals for a share option scheme are to be put to the annual meeting at Sheffield on September 14.

comment  
Peters has finished the year with pre-tax profits 52 per cent. ahead on a sales rise of 21 per cent. This is a performance even for a year of consumer boom and it eases the historic net p/e at 13.5p down from 16.7 to 10.6.

Peters has three basic divisions, furniture and clothing retail, the manufacture of clothing, and this year demand remains buoyant with retail sales space expanding steadily. As for the retail ratios, the 1972-73 figure was inflated by the creation from scratch of a reserve for the Wolfe and Hollander acquisition.

However, the Econa group of unitary engineers look set fair to show increased sales and profits in the current year, states chairman Mr. H. R. Scott.

It is not anticipated that the margin provisions of Phase Two will have any major impact on the group's results as a whole, he adds, but what affects Phase Three may have an unknown factor.

Subject to these uncertainties, and any other factors outside the directors' control, the group can look forward to a further increase in profits in the current year, he says.

As reported on August 21, pre-tax profit for the year to March 31, 1973, was £290,599 (£116,800) with a gross dividend of 2.26p (2.15p). Profit was struck after a £5,000 payment to a former director.

Mr. Scott says the group performed well to achieve record sales and profit. In the first half the company experienced a reduction in sales while adhering to the CBI voluntary prices standstill which was followed by the freezing of wages and prices under Phase One.

The year's trading was also affected by cessation of work on some building sites resulting from industrial action by building workers and by the subsequent slow progress on sites and commencement of new building projects.

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# First-half expansion for Bovis

REPORTING first half 1973 group pre-tax profit of Bovis up from £5.1m. to £6.05m., the chairman, Mr. M. F. Sanderson, reminds holders that he has already stated 1973 to be a year in which the directors aimed at maintaining satisfactory earnings growth, while beginning to demonstrate the group's true underlying asset strength.

In the latter regard, he says, various moves are currently in hand and their outcome is likely to affect the full year's profits. The full effect is not calculable at this stage and it is therefore not considered prudent to make a precise forecast for the year.

Profit for the full year, 1972, expanded sharply from £4.51m. to £5.44m.

Mr. Sanderson says the first half of 1973 has again been one of progression towards increased earnings for the year from a secure base.

In building the company has moved completely away from tendering, the normal hazards of which are accentuated by inflation and now undertake new work exclusively on a fee basis. Since March, 1973, when the change became effective, fee based contracts totalling £53m. have been obtained.

Housing turnover and profits were at record levels. The current uncertainty affecting mortgage availability has so far not affected operations to any significant degree, but in the existing climate it is impossible to say whether or not present satisfactory sales levels can be maintained. The Bovis mortgage subsidiary first formed in 1967, however, maintaining stability in spite of volatile interest rates, the chairman adds.

The property division continued its development and trading and in the creation of a central investment fund. The development programme has been considerably increased and achievement of record profits for 1973 will be affected only by decisions as yet untaken as to whether certain projects will be sold or retained for investment.

The banking division also performed exceptionally well. First half profits were £345,000 (£201,000) on the current year's basis. "I will undoubtedly be of record proportions."

Overseas operations continue to progress well—the reorganisation and restructuring at Bovis Corporation is now completed and the company is operating "most effectively." Plans are in hand for a similar re-fashioning of Gammon South East Asia.

An interim dividend of 3.82 pence net, equal to 12.6 (12) pence, is declared. The 1972 gross total was 25.2 pence.

1973 1972  
Six months  
Turnover £5.1m. £6.05m.  
Trading profit 2.84 1.98  
Investment income 0.27 0.28  
Interest charges 1.08 1.07  
Depreciation 0.12 0.12  
Profit before tax 2.44 2.51  
Taxation 0.59 0.66  
Minority 0.01 0.01  
Attributable 1.85 1.85

Statement Page 23  
See Lex

Halwins loss: omits final

Halwins, the mail order clothing concern, incurred a loss of £39,000 against a previous £105,000 profit, for the year to June 30, 1973 before crediting tax £19,988 (£37,883 charged).

The final dividend is omitted leaving the unchanged 12p per cent. interim as the year's total. At half-year a £24,558 loss (£51,533 profit) was reported. The directors hoped to maintain the final payment at 17p per cent.

The chairman, Mr. H. J. Gover, states that although turnover is greater (£2.5m. against £2.9m.), profits have been affected by factors outside Bovis control and by policy decisions implemented.

Following a decision taken at the end of March to clear potential redundant stock at the earliest opportunity, losses were taken on disposal and are reflected in the results.

A considerable reduction in stock and work at the year-end has been made from last year's figure of £920,000 to £240,000.

As the current catalogue has only been released within the past two weeks, it is not yet possible to gauge the response, nor to judge its effect on sales to arise from the changes in buy-

ing and administration policies. Some indication of prospects for the current six months should be available by the AGM, members are told.

## Law Land's £32.5m. surplus

A VALUATION of the Law Land Company's completed U.K. properties on an open market basis at June, 1973, disclosed a total of £32,500,000, or more than £25,511,000 over book value.

Indicating a net asset value of 25p per 50p share at that date. Reversionary rents were taken at values at that date, without allowing for inflationary or other increases likely to occur before reversions fall in. No account was taken of any effect on values of restrictions under the Counter-inflation legislation and no deduction made in respect of capital gains tax if properties were sold.

The Board considers the market value of these properties has increased since the date of the valuation.

The figures exclude any surplus in respect of completed properties overseas, and also in respect of the current development programme, which involves an expenditure of £45m. (of which £20m. is in the U.K. £18m. in Belgium and £5m. in Australia), and is expected to yield a further surplus on completion.

Much of the development programme is due to be completed before any increases occur in the amount of the issued U.K. capital by conversion of the Loan stocks between 1975 and 1957.

SHORT-TERM LOCAL LOANS  
Arrangements have been com-

pleted for the placing of following local authority loans:

Borough of Motherwell, Wishaw (Edm.), Chesham District Council (Edm.), Con Borough of Solihull (Edm.), Plymouth (Edm.), Rush (Yorks) Urban District Council (Edm.), Conary Borough of Bolton (Edm.), Sheffield Corporation (Edm.), County Borough of Don (Edm.), all issuing 14 per cent. Bonds due September 15, 1975.

Brokers Phillips and Drew, Issuing House Morgan & Co. placed the Chesham and Bolton issues. The Rush and Don issues were placed by Sheffield, R. Nivison & Company to Bootle, W. Green & Company, in association with M. W. Marshall and Company, Rothwell, J. and A. Scrimgeour, Bolton and Plymouth, and Con Borough of Solihull, Rush and Wishaw and de Zoete and Be in association with Grant and Company to Derby.

Kennedy Small  
downturn

Profit, before tax, of Kennedy Small decreased from £293,668 £237,142 for the year to March 1973, after £119,500 (£125,000) the first half. The company engaged in engineering interests in control equipment and textile machinery.

The gross dividend is expected to rise from 20 to 25 pence forecast, with a final of 15 pence.

1973 1972  
Turnover £174,510.21  
Profit before tax £293,668  
Taxation £5,754  
Minority 14,885  
Special provisions 17,478  
Attributable £119,500

THE SENTINEL Ladder policy

IMMEDIATE LIFE COVER £20,000  
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Notice of Redemption  
Transocean Gulf Oil Company

9% Guaranteed Debentures Due 1985

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Indenture dated as of October 12, 1972, which are incorporated by reference to the Supplemental Indenture dated as of November 1, 1972, and to the Supplemental Indenture dated as of December 1, 1972, the following debentures are to be redeemed on October 15, 1973 (hereinafter referred to as the redemption date):

31,000 Coupon Debentures Bearing the Prefix Letter M

10 550 1614 3825 3616 4730 5667 6400 7073 8634 9486 10246 11474 12562 13410 14462 15343 16395 17348 18288

19 718 1621 3825 3616 4730 5667 6400 7073 8634 9486 10246 11474 12562 13410 14462 15343 16395 17348 18288

28 691 1621 3825 3616 4730 5667 6400 7073 8634 9486 10246 11474 12562 13410 14462 15343 16395 17348 18288

37 691 1621 3825 3616 4730 5667 6400 7073 8634 9486 10246 11474 12562 13410 14462 15343 16395 17348 18288

46 691 1621 3825 3616 4730 5667 6400 7073 8634 9486 10246 11474 12562 13410 14462 15343 16395 17348 18288

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64 691 1621 3825 3616 4730 5667 6400 7073 8634 9486 10246 11474 12562 13410 14462 15343 16395 17348 18288

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## Half-year Statement to 30 June 1973

Mr J P Sowden, chairman, reports:

The Group's order book stands at £22



COMPANY NEWS

# Plessey £10.7m. upsurge: Overseas boost

OVERSEAS operations contributed £6.5m. more profits to Plessey than last year, the company said today, as it reported a 10.7m. upsurge in profits for the year ended June 30, 1973.

At that date, total order book was substantially higher than at the same time last year, and the company said it was "in a mood of optimism". However, it added that it had been mainly a result of a steady element across the company.

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## Audiotronic confident: interim up

HELPED BY FIVE months' contribution from recent acquisition of Adler Group, Audiotronic Holdings almost doubled its first half pre-tax profit from £464,000 to £908,000 for the six months to June 30, 1973, of £5.7m. compared with £3.1m.

Sales were said to be running 60 per cent. ahead after three months.

Chairman of the Reckham-ham-based hi-fi distributors, Mr. G. W. Smith, puts the Adler contribution at £237,000 before tax.

The interim dividend—forecast at 20 per cent—is to be 25 per cent. gross—1.75p net. Last year a single 30 per cent. was paid on a pre-tax profit of £1,257,000.

Mr. Smith points out that the greater proportion of the group's profits are earned in the second half and the directors are confident that subject to no unforeseen circumstances, a "very satisfactory result" will be achieved for 1973.

The P. Care business of five retail shops acquired in May has been successfully incorporated into the company's existing retail chain, members are told.

Excluding Adler, pre-tax profits at Audiotronic are 43 per cent. higher on a 57 per cent. turnover increase which surely emphasises that the hi-fi boom has not yet peaked. Indeed, unlike most of the retail sector Audiotronic has not experienced any slowdown in sales since VAT, although higher costs are eroding margins. Still as things stand at the moment Audiotronic should complete 1973 in much the same growth vein as seen in the first half. A 13 net p/s at 12.5p on past twelve months earnings and doubling up the Adler contribution therefore has its merits.

From internal accounts the directors of Phillips Patents (Holdings) have, it is apparent, that the corrective action taken early in the year is proving successful, states Mr. J. A. Rowland-Jones, the new chairman.

He does not propose to make a profit forecast for the current year in view of the fact that the six months' figures will be available at the end of this month and will be circulated prior to the meeting on October 4.

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He tells members that in the current year all directors' contracts have been altered—basic salaries reduced and the commission percentage increased. The effect of this is that unless profits exceed £100,000 directors will suffer a reduction in income.

As reported on August 30, pre-tax profit for the year ended March 31, 1973, was £56,193 (£56,381) with a dividend of 0.71p (1.25p). Profit was after a payment of £5,000 compensation for loss of office.

The chairman reports that due to proper financial control and other measures Baby Deer is once again making a substantial contribution to group profits.

Profit of the moulded rubber and latex divisions rose from £34,940 to £72,261 before tax on turnover increased from £1,592,845 to £1,780,265 which, he says, is a good indication of the increased efficiency in manufacture and the benefit of increased throughput.

Since February 28 the group has acquired two property development companies—Rowland-Jones (Holdings) and Rabbetts and Co.—and a plastic manufacturing company, Kenilworth Components.

It is proposed to increase the authorised share capital to £1.74m by the creation of 1.38m. additional Ordinary 25p shares to enable the directors to acquire further property or manufacturing companies as and when the opportunity arises.

Meeting, Manchester, October 4, noon.

They report a pre-tax profit for the half-year to July 31, 1973 of £274,374 against £251,154 for the same 1972 period. Tax takes £128,041 (£100,461) leaving net profit at £146,333 against £150,693.

If no difficulties are experienced from Government controls, and weather conditions are favourable during the second half of the year, the directors are "reasonably hopeful" of maintaining the progress made.

For all the year to January 31, 1973, pre-tax profit was £531,000, on which a total dividend of 25.14286p per cent. was paid.

Transport Development Group is proposing to replace its executive share incentive scheme with a new share option scheme.

The new scheme will be open to senior executive—including full time executive directors—in both the company and its U.K. subsidiaries. The maximum number of shares available will be 2m.—less than 2 per cent. of the present issued Ordinary.

Group turnover of Montfort (Knitting Mills) expanded from £1,250,294 to £2,225,220, and profit advanced from £20,181 to £128,318, subject to tax of £52,043, against £36,072, for the half year to June 22, 1973, reflecting acquisitions.

Despite even greater pressure on margins, due to rising raw material and overhead costs the directors look forward "with considerable confidence to a satisfactory result for the full year."

Profit for 1972 was £204,153.

The interim dividend is raised from 4.2 to 4.4 p per cent. net. The 1972 net total was 14 p per cent.

Mr. M. I. Meakin, chairman, reports that every unit showed a satisfactory increase in sales for the half year. The increase in turnover is due, to a great extent, to the substantial contribution made by the additional companies acquired in mid-1972, which did not contribute to the first-half result for that year.

Orders on hand at end June were at a higher level than in 1972, and this increase has been maintained to date, he reports.

Despite the monetary crisis and the difficulties of curbing inflation, chairman Mr. A. J. Everard of Ellis and Everard, remains confident of the future of the company's two main markets—the supply of building materials and industrial chemicals.

Unless there is a severe recession, he foresees a continuing demand for the goods and services offered by the group, which is currently fighting off a bid from Unilever.

On August 14, record pre-tax profits of £1,033,323 (£787,743) were announced. Dividend total is 19.6873 p per cent. gross, compared with an adjusted 18.75 p per cent. last year.

The large programme of capital expenditure undertaken during the past year, including acquisitions, will show increasingly satisfactory returns and provide a sound base for expansion, Mr. Everard adds.

Meeting, Leicester, October 8, 12.15 a.m.

# Costain tops £4m. in first half

WITH TURNOVER £10m. ahead at 507m. at half way, Richard Costain shows an increase in profit of £4,096,000, against £3,053,000, for the six months to June 30, 1973, compared with the 1962 period.

And chairman Mr. J. P. Sowden in his first interim report predicts with confidence "significant" progress in the full year's results compared with the 58m. pre-tax profit for 1972.

The interim dividend is raised to 2.34p gross—1.65p net—from an adjusted 2.17p and the directors intend to recommend a substantial increase over last year's adjusted total of 5p, subject only to any maximum permitted by then current legislation.

The first-half pre-tax profit comprises general trading £4,268,000 (£2,429,000), net income from rents of land and buildings £444,000 (£41,000) and property sales £129,000 (£200,000), less higher interest of £745,000 (£884,000).

Order books now stand at a record 507m. and the directors say it is encouraging to note this is spread usefully across all divisions both in the U.K. and internationally.

Turnover 1973 1972  
General Trading 4,268 2,429  
Net income from rents 444 41  
Property sales 129 200  
Interest charges 745 884  
Profit before tax 4,096 3,053  
Tax 1,153 1,122  
Net profit 2,943 1,931  
Dividends 20 20  
Atrb. Ord. 1,880 1,881  
Interim 407 522  
Balance 1,402 1,129

Statement Page 22  
See Lex

## Expansion costs hit Abel Morrall

A considerable increase in overheads, to cater for future planned expansion, has resulted in a fall in first half taxable profits of Abel Morrall (makers of needles and general small wares) from £123,239 to £108,336, reports chairman Mr. B. G. Lewis.

Recalling that, in his annual statement last March, he expressed confidence in both current and future prospects, Mr. Lewis says this confidence, in the longer-term, remains unchanged.

The interim dividend is rounded up from 0.67p, adjusted for a scrip, to 7p gross—0.48p net—per 5p share, payable in January for tax reasons. Total for the year 1972 was equal to 2.33p, paid on profits of £228,543.

Six months 1973 1972  
Sales 1,400,979 1,282,852  
Profit 123,239 108,336  
Tax 15,500 15,500  
Net profit 107,739 92,836  
Preference dividend 875 1,126  
Available 106,864 91,710

\*Include a contribution from British Needle which did not apply to corresponding period. Corporation tax liability expected to be offset entirely by allowances earned by exceptional expenditure; but Board considers provision should be made by transfer of £25,200 to equalisation reserve.

Orders on hand at end June were at a higher level than in 1972, and this increase has been maintained to date, he reports.

Despite the monetary crisis and the difficulties of curbing inflation, chairman Mr. A. J. Everard of Ellis and Everard, remains confident of the future of the company's two main markets—the supply of building materials and industrial chemicals.

Unless there is a severe recession, he foresees a continuing demand for the goods and services offered by the group, which is currently fighting off a bid from Unilever.

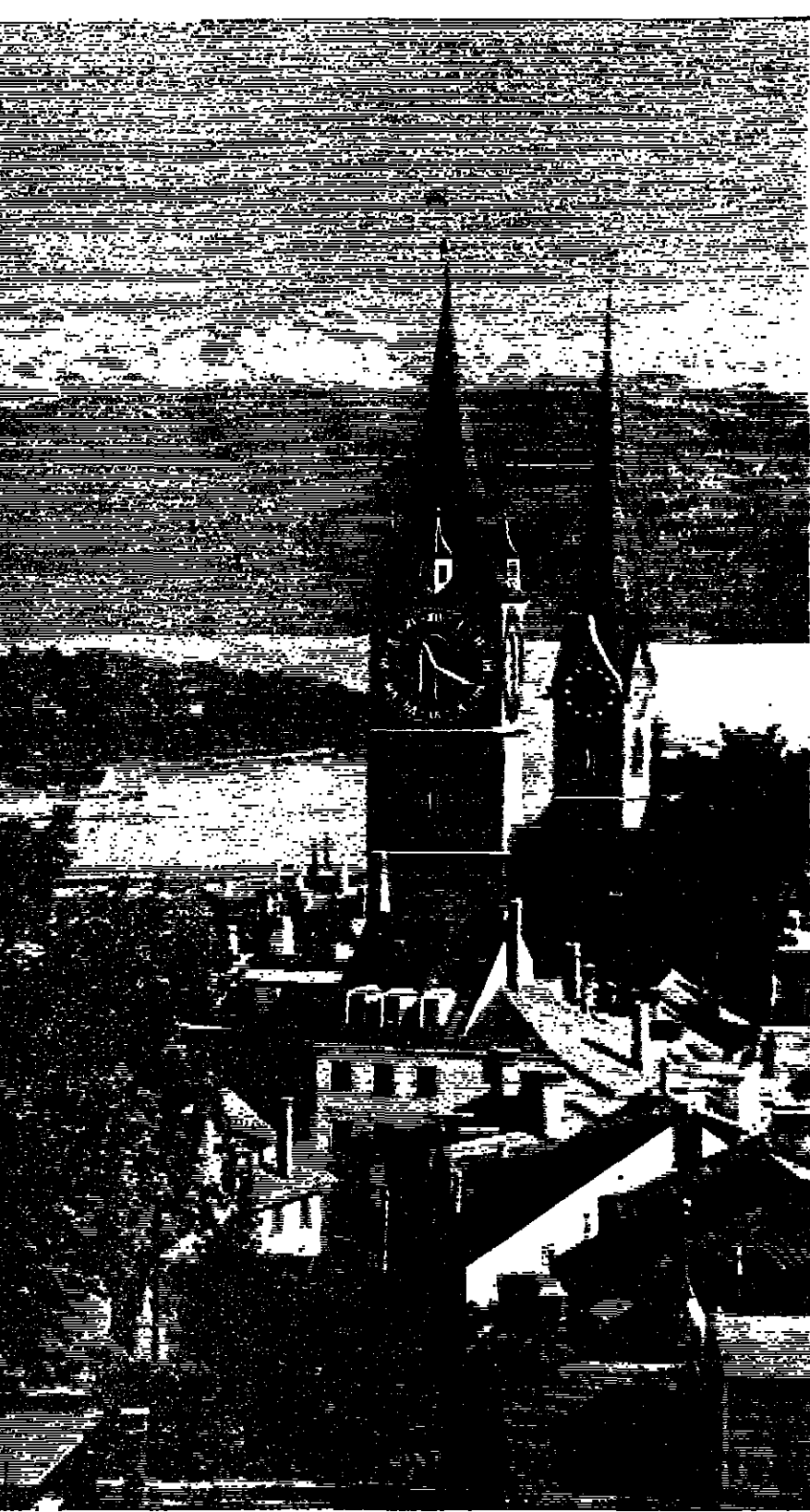
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Meeting, Leicester, October 8, 12.15 a.m.

GEI LOAN STOCK  
The 10 per cent. convertible loan proposed to be issued to replace the 8 1/2 per cent. Debentures of General and Engineering Industries is an unsecured stock, and not a secured stock as inadvertently reported on Monday.

# One good idea led to another. A good idea in Canada led us to Zurich.



Over 100 years ago, we saw Canada's need for financial backing to develop her rich natural resources. That was our first good idea. It led to other good ideas in Zurich and in many other places in the world: Good ideas about trade, investment and international financing.

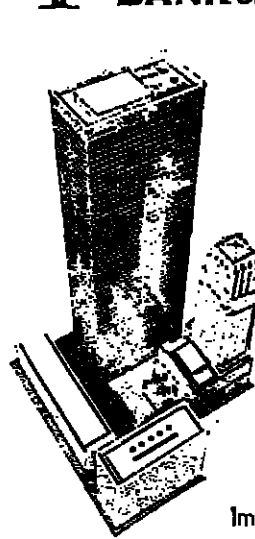
Today we have over 1500 branches from the Atlantic to the Pacific and offices in Australia, Europe, Frankfurt, Japan, London, the U.S.A. and throughout the Caribbean. We are one of the world's largest banks with over \$13 billion in assets.

We have seen a lot of small businesses become big businesses and a lot of good ideas become realities.

If you have a good idea, come and talk to us. We know what good ideas can lead to. That's how we became one of the world's largest banks.

For further information write to Dept. UF6, Canadian Imperial Bank of Commerce, P.O. Box 408, 2 Lombard Street, London EC3P 3EU, or our head office—Commerce Court, Toronto M5L 1A2, Canada.

CANADIAN IMPERIAL BANK OF COMMERCE



Commerce Court—Head office of Canadian Imperial Bank of Commerce.

(This announcement appears as a matter of record only)



## MEDIOBANCA

BANCA DI CREDITO FINANZIARIO S.p.A.

US \$500,000,000

10-year loan

Arranged by

Orion Banking Group

Provided by

Credito Italiano

Algemeine Bank Nederland N.V.  
Amro Finance Company, Ltd.  
Bank fuer Kredit und Aussenhandel A.G., Zurich  
The Bank of Kobe, Limited  
Banque Belge pour l'Industrie S.A.  
Banque Canadienne Nationale  
Banque de la Societe Financiere Europeenne  
Banque Europeenne de Tokyo S.A.  
Berliner Handels-Gesellschaft-Frankfurter Bank  
Caisse Centrale des Banques Populaires, Paris  
The Chase Manhattan Bank, N.A.  
Compagnie Luxembourgeoise de Banque S.A. (Dresdner Bank Group)  
Continental Bank  
Continental Illinois National Bank and Trust Company of Chicago  
Credit Commercial de France  
Credit Industriel et Commercial

Crédit Suisse  
Credito Italiano, London  
The Dai-ichi Kangyo Bank, Limited  
The Daiwa Bank Limited  
The First Pennsylvania Banking and Trust Company  
First Wisconsin National Bank of Milwaukee  
Girard Trust Bank  
The Hokkaido Tokushoku Bank Limited  
Hypobank International S.A.  
The Indiana National Bank  
Interunion Antilles N.V.  
Japan International Bank, Limited  
The Kyowa Bank Limited  
The Long-Term Credit Bank of Japan Limited  
Marine Midland Bank - New York  
Marine Midland Bank - Western, Nassau  
The Mitsubishi Bank, Limited

The Mitsubishi Trust and Banking Corporation  
The Mitsui Trust and Banking Co. Ltd.  
National Westminster Bank Group  
Orion Bank Limited  
Orion Term Bank Limited  
The Provincial Bank of Canada  
The Royal Bank of Canada  
The Royal Bank of Canada (International) Limited  
The Sanwa Bank, Ltd.  
The Sumitomo Bank, Limited  
The Tokai Bank, Limited  
UBAF Limited  
United Chase Merchant Bankers Limited  
Westdeutsche Landesbank Girozentrale  
Western American Bank (Europe) Limited

## INTERIM STATEMENT

# Bovis Progress Report

Earnings. Unaudited accounts for the six months ended 30th June 1973 show profit for the Group before tax and minorities of £6.03 million, compared with £5.1 million in the same period last year. The outlook for the full year is promising. Your Board expect to maintain satisfactory earnings growth while beginning to demonstrate the Group's true asset strength.

Dividend. The interim dividend of 12.6% (including tax credit) on the Ordinary share capital will be paid on 2nd January 1974 in order to obtain the most advantageous tax treatment.

Property. The Division has continued to progress as developer and trader, and the portfolio has been considerably enhanced.

Housing. Turnover and profits in the first half year were at record levels. Our mortgage subsidy for first time buyers is maintaining stability in spite of volatile interest rates.

Construction. We have now moved completely away from tendering for building projects, and all new work is on the more stable fee basis. Since March, fee-based contracts worth £53 million have been obtained.

Banking. First half profits were £948,000 (1972—£501,000), and profits for the whole year will undoubtedly be a record.

(Highlights from the statements by Mr. Frank Sanderson, Chairman of Bovis Limited, in the Interim Report, September 1973.)

Bovis Limited,  
Property, Housing, Construction, Banking

## Montfort's first half advance

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ORION



## INTERNATIONAL COMPANY NEWS + EURO MARKETS

## CFP seeks listing in London

By David Curry

Campagne Française des Pétroles, the holding company of the French Total group, is seeking a listing on the Stock Exchange in London. It will offer 13,888,769 "B" shares.

The bankers arranging the introduction are Morgan Grenfell and Co., and the Banque de Paris et des Pays-Bas. It is expected that the company will be listed towards the end of September.

The French oil major has a substantial stake in the North Sea through the French Group and is well established in the U.K. petrol market. Its activities embrace the exploration, production, refining and marketing of oil and gas products and petrochemicals.

The company ranks 27 in the Fortune list of the 300 largest industrials outside the U.S. ranked by sales. Its 1972 sales were \$2,806m. and assets were worth \$3,926m.

## Eurofuel sets up operation in Belgium

By Rupert Cornwell

PARIS, Sept. 11.

FRANCE'S EFFORTS to gain a substantial foothold in the nuclear fuel manufacturing field have been carried a step further with the creation of a Belgian subsidiary by Eurofuel, the mainly French group set up in March this year.

Under the deal, details of which have just been announced here, Eurofuel, in which Pechiney-Ugine-Kuhlmann has a 51 per cent. interest and Westinghouse of the U.S. 35 per cent., will be the majority shareholder in a new company, Société Belge de Fabrication de Combustible, to make fuel for pressurised reactors.

Eurofuel will have 60 per cent. of the equity of the new venture, with Westinghouse having 16 per cent. and the Belgian group, SA Metallurgie et Chimie, 24 per cent. The company, which is controlled by Société Générale holding company, the remaining 24 per cent.

Present French strategy in the nuclear fuel field is to ensure that French reactors, for which an ambitious programme is planned, can be supplied by fuel from within France. Westinghouse has already provided the pressurised water technology under licence for Creusot-Loire to build the first four French nuclear power stations. MMN is a Belgian Westinghouse licence holder for parts of the same technique.

Under the terms of the agreement, MMN's Dessel plant in Belgium will be transferred to the new group. It is situated about 30 miles South of Antwerp, and has a capacity of about 200 tons uranium content for making fuel ready for pressurised water reactors.

Combustible material manufactured at Dessel has been supplied to nuclear power stations in Belgium, France and Holland, and the latest arrangements which link it with such powerful names as PUK and Westinghouse will help its ambition to extend its scope further.

## United Aircraft merger with Signal called off

BY OUR NEW YORK STAFF

NEW YORK, Sept. 11.

THE SIGNAL companies and United Aircraft Corporation have abandoned their merger talks, partly because they failed to reach an agreement on the valuation of Signal's major North Sea oil discovery.

Mr. Forest N. Shumway, president and chief executive officer of Signal Companies, noted that the value of North Sea oil becomes increasingly important in light of the growing uncertainty about Middle East oil and gas reserves. As a result of the nationalisation much higher prices for crude oil can be expected which of course increases the value of known reserves, he said.

From the start the merger has been beset with problems and complications. First there were the anti-trust implications of the proposal, since Signal through its Garrett Corporation, is also an aircraft manufacturer. Rumours suggested that the Justice Department was taking a very careful look at the agreement which would have created a company

with sales of approximately \$3,500m. and an industrial standing of about 20th in the nation. Then, shortly after the merger was announced in early July, Camp Investments, a Canadian investment firm which manages the fortunes of the Bronfman family, made a tender offer for 1.5m. of Signal's 18.7m. outstanding shares. At the time the company accused the bidders of trying to undermine the merger agreement with UAC, and took legal steps permanently to enjoin Camp from executing its tender offer.

The proposed merger between the major manufacturer of aircraft engines and helicopters and the diversified oil producer would have seen Signal companies shareholders receiving one convertible preferred share of UAC for every three shares of Signal's common stock. Signal companies stock currently trading at \$21.35 a share would be worth a total of \$43.5m. down from \$47.1m. when the merger was announced. UAC is being traded at \$86 a share.

## Immediate prospects for BHP are 'favourable'

THE BROKEN HILL Proprietary Chairman Sir Ian McLennan has told the annual meeting of shareholders that "the immediate future trading prospects appeared favourable."

But he added that it was "a matter of course that the Federal Government decided to cancel the exemption of dividends paid from profits from mining for minerals, including petroleum."

Apart from our concern generally at their withdrawal of dividend exemptions "we are especially concerned" at its abruptness, he said.

Referring to the Justice Department's hearing about an application for a 9.4 per cent. increase in steel prices, Sir Ian said the Tribunal's reaction would have a considerable bearing

on BHP's ability to earn "the sort of return to which we are entitled from our heavy investment in the steel industry."

He said BHP would be allowed to resume direct overseas recruiting of labour. "This was temporarily suspended early this year but I am glad to be able to report that the Government has just decided to allow us to resume."

Sir Ian said the latest revaluation of the Australian Dollar was bound to affect export earnings but if it had the desired effect of dampening inflation "the price may be worth paying."

Referring to "economic nationalism" he said "care must be taken not to lose the goodwill of our trading partners."

## Kangyo Bank subsidiary

BY OUR OWN CORRESPONDENT

AMSTERDAM, Sept. 11.

THE JAPANESE Dai Ichi Kangyo Bank is to open a subsidiary in Amsterdam. Dai Ichi vice president, Shuzo Muramoto, announced yesterday at a reception for the introduction of Dai Ichi's CDR in the Amsterdam Stock Market.

Dai Ichi plans to open subsidiaries and affiliates in several other countries where it also wants to be listed on the local stock markets.

Kangyo shares will be listed in the form of Continental Depositary Receipts each representing 100 shares of Y50, and first dealings will start on September 12, with first price based on the closing price on the Tokyo Bourse on that date. Based on the closing price in Tokyo yesterday the value of one CDR would be about Ffr.410. In order to let resources keep

pace with the business volume the bank has decided to raise its outstanding share capital to Y71,000m. from Y54,000m. The increase will be carried through two issues. One will be of Y16,200m. at par with rights on a three-for-one basis. The remaining Y54,800m. will be placed by a public offer of 16m. shares at about the Bourse price, he said.

## Liquor stake

SOCIÉTÉ MOÛT-RENNESSEY, champagne and liquor producer, has announced acquisition of a majority interest in Société Castillon Renault et Cie. Castillon, a family-owned producer of cognac, has annual sales of about Ffr.50m. of which 80 per cent. is exported.

## Schering exports, sales increase

FRANKFURT, Sept. 11.

Schering, the Berlin-based chemicals and pharmaceuticals concern (one of the world's leading manufacturers of oral contraceptives) reports a further improvement in proceeds during the first half of this year.

Group sales, at DM760m., rose by 12.1 per cent. compared with the same period in 1972, thus slightly exceeding the growth rate for the whole of 1972. Export performance from the domestic company (total sales DM444m. in the half-year) was even better: at DM286m. they represent a 15.8 per cent. increase compared with the previous year.

The profits of the domestic company have not yet been affected by the recent currency changes in view of measures taken to safeguard them and of the minor reduction in delivery prices to foreign associates.

The management hopes that in spite of the burden of increased costs, the Government's stability measures and the currency changes, 1973 will once again close with a satisfactory result. Last year Schering profits rose by 19 per cent. to DM31.4m. and a dividend of 20 per cent. was paid for the fourth year running.

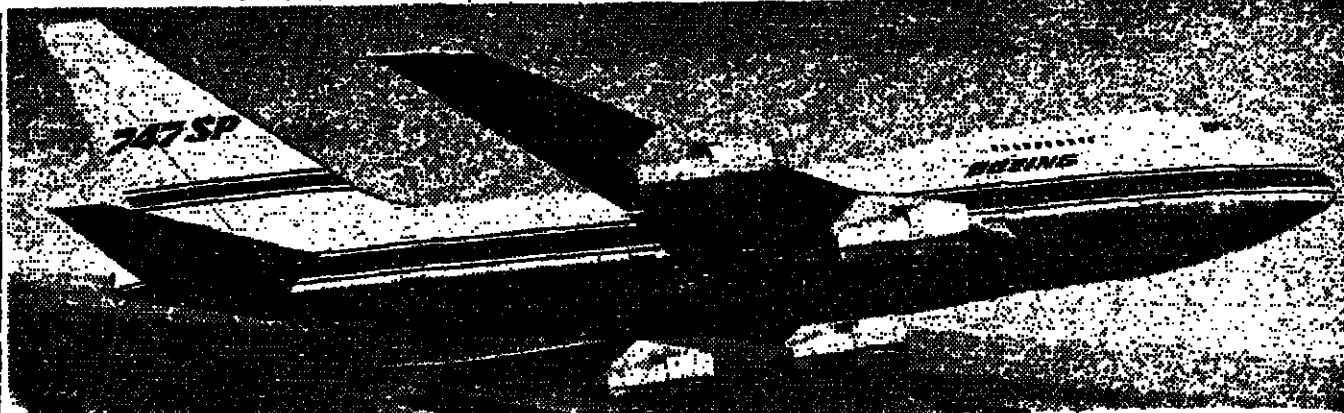
## SABA doubles pre-tax earnings

SKANDINAVISKA Aluminium Profil AB (SAPA), the Swedish metal extrusion company which recently opened a plant in the U.K., has reported first-half pre-tax earnings of Sw.Frs.5.5m., a 61 per cent. increase on the same period of last year. Turnover rose by 34 per cent. to Sw.Frs.43.9m. In his report, the managing director, Mr. Lars S. Bergenhem, says that the Swedish market for aluminium extrusions has risen sharply so far this year. SAPA claims a 30 per cent. share of the Swedish market, and imports hold a further 25 per cent. Total consumption is expected to rise by a fifth to a record 21,000 tonnes, although extrusion prices are likely to rise further because of dearer raw aluminium.

SAPA's investment in its new plant at Tibshelf, Derbyshire, and its decision to open a wholly owned subsidiary in Switzerland "will give positive results during the second half of 1973." The company is ultimately controlled, via a Dutch holding company, by RUTZ-Pillar.

● Nixdorf Computer (Pty.), a subsidiary of Nixdorf Computer AG, of West Germany, said it will treble its share capital to 675,000 to establish a broader base for expanding its activities to all major centres in South Africa.

The South African market for mini computers is expected to be worth £25m. within five years. Early next year a local leasing and rental company will be formed in association with a local finance company.



The Boeing 747SP model has a shorter fuselage than the basic version of the Jumbo Jet. With a range of almost 7,000 non-stop it could give Pan Am a significant advantage over other carriers unless they accelerate their decisions on a purchasing policy.

## Pan Am asks the questions

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

MANY MAJOR airlines throughout the world, including British Airways in the U.K., will be obliged quickly to re-think their aircraft purchasing policies in the wake of the decision by Pan American World Airways to buy the new Boeing 747SP (Special Purpose) version of the Jumbo jet.

Pan Am's decision, announced late on Monday, is to buy 10 of these aircraft, worth \$350m. (over £118m.) including spares and support equipment, for delivery the first quarter of 1978, with options on another 15 aircraft for delivery between 1977 and 1979. It already has 32 of the basic version of the Jumbo jet.

Pan Am has obviously been able to convince its bankers that whilst there is no future in spending money on Concorde at this time there is every reason for going full out on new subsonic aeroplanes to meet a special type of demand that is now emerging in the world airline industry.

What is so significant about this decision is that the 747SP is a very long-range aircraft, with capability of flying nearly 7,000 miles non-stop. It is a smaller aircraft than the basic Jumbo jet, in that its fuselage is 47 feet shorter. As a result, its passenger load is smaller, 280 passengers against the normal 360 of the basic Jumbo. It also carries 300 passengers-plus (in some cases going up to 500).

Thus, with the SP Boeing has produced a special class of airliner ideally suited for very long-range routes where traffic densities do not require such high capacities as are available with the normal Jumbo. Boeing's long-range version of the McDonnell Douglas DC-10.

For example, it will be able to carry its full payload, including cargo, over such routes as New York-Tokyo, New York-Tehran, Tokyo-Amsterdam, New York-Tel Aviv, Chicago-Europe and San Francisco-Europe non-stop.

It will make possible one-stop operations between London and Australia, and certainly only two-stop operations between London and Tokyo via India and South-East Asia.

In the fleet of British Airways it could revolutionise long-haul travel—which is why that new airline group, formed out of the amalgamation of BOAC and BEA, has been studying the 747SP closely.

Thus, over the next few months, British Airways and a wide range of other airlines with long-haul routes—Trans World Airlines, KLM, SAS, Japan Air Lines and El Al Israel to name just a few—will have to take a long, hard look at their requirements, and place orders quickly if they do not want to be left at a competitive disadvantage to Pan American.

Boeing's decision to go ahead with the 747SP was taken only recently, and represented a bold decision to strike out on a new path in airliner development. It saw the increasing emergence of the need for a very long-haul aircraft, and adapted its Jumbo jet to meet that demand.

Boeing's view is that it may well be 200 or more of the 747SPs alone over the next few years, and it will be building them alongside the standard 747s (which will continue to be built) on its line at Everett, north of Seattle.

Far apart from the 747SPs, Boeing has ordered the 747-200, nearly 240 Jumbo jets, and has delivered 214 of them. The new engines for medium-ranges, has

been talking for a long time building an "extended range" version using the new engine of the RB-211, the 24, of 49,000 lbs thrust.

Lockheed had been bidding the Pan Am deal with this in competition with the 747SP. It has lost the deal, but thereby the 747SP is firmly launched on the airliner marketing scene.

Force Lockheed to put pressure on its own project on Rolls-Royce.

There will now be a significant intensification of the search for these "long-haul, density" airliner markets. Boeing, Lockheed, and the new Douglas bitterly compete every order.

British Airways' position is of special interest. By it is buying the basic Lockheed TriStar for BEA, the price will be on it also to buy extended-range TriStar. It has about 30 in its fleet. Clearly, the 747SP would be a better than the extended-range TriStar model.

Thus, once again, re-equipment decisions, American has not only forced the world air industry to seriously re-equip, but also procurement policies, next few months could be the most interesting dramatic in airliner procurement for a long time past.

It will be able to use less runway, and climb faster to higher altitudes—the normal flight level will be well over 47,000 feet, that will take the aircraft above virtually every worst of long-haul routes, and above all other air traffic except Concorde.

It will also have 90 per cent. "parts commonality" with the basic Jumbo, providing cost savings and advantages of 747, of which it already has two with two more on order. It intends to buy more 747s standard version until, by 1980, it has about 30 in its fleet. Clearly, the 747SP would be a better than the extended-range TriStar model.

Thus, once again, re-equipment decisions, American has not only forced the world air industry to seriously re-equip, but also procurement policies, next few months could be the most interesting dramatic in airliner procurement for a long time past.

Secondly, it must give Lockheed Aircraft Corporation something to think about. Lockheed, which is building the TriStar with the Rolls-Royce RB-211 engines for medium-ranges, has

## Company Results

## Kawasaki to pay higher dividend

● Kawasaki Heavy Industries is considering increasing its dividend to 100 yen per share from 80 yen, a 25 per cent. increase. Kawasaki paid a 22.5 yen dividend for the March term.

Kawasaki expects net profit for the September term to total 1,450,000, up from 1,270,000 in the half and 1,350,000 a year earlier. Pre-tax operating profit for the half-year is forecast at 1,210,000, up from 1,050,000 in the preceding period and 1,150,000 a year earlier.

● Full Photo Film Co. expects net sales of more than 775,000m. and net profit of more than 135,000m. for the six months to October 31, the managing director Mr. Tsunao Miyahara has said. This compares with net sales of 709,370m. and profit of 134,450m. for the six months to April 30. The company will pay a dividend of 33.75 (unchanged).

The company has maintained its 70 per cent. share of the Japanese photo film market, and has new stocks at current market prices or convertible debentures, but the time did not seem ripe, Miyahara said.

● Mitsumi Electric Company's provisional net profit for the six months ended July 31 totalled 1,010m., up from 742m. a year earlier. Sales for the half rose to 11,440m. from 10,180m. a year earlier. The company forecast net profit for the year ending January 31, 1974, at 1,260m., up from 740m. a year earlier.

Mitsumi's sales for the full-year are estimated at 12,370m., up from 10,180m. a year earlier. The company's interim report said no dividend will be paid this year.

● Varta Group half year results to June 30 show a total turnover of 284.1m., representing an increase of 9.8 per cent. on Sales rose by 4.6 per cent.

## Other News

## Textron arranges private placement in Basle

● Textron Inc. has arranged a Sw.Frs.100m. note private placement of \$30m. in the U.S. and bank lines of \$12m.

Proceeds will be used by 100 to finance customer lease contracts, computer equipment, and chase equipment previously to a leasing company and to the expansion of its business domestically and in Europe. Interest rate was not disclosed.

Major banks participating in Chase Manhattan in private funds under the agreement First National Bank of Chicago, First National Bank of Minneapolis, Wells Fargo & Mellon National Bank and First Pennsylvania Banking Trust Company, and Shawmut Bank of Boston.

● A group of nine American banks has signed a joint bank line of credit of \$250m. for Textron Inc. The group includes Chase Manhattan, Citicorp, First National Bank of New York, First National Bank of Minneapolis, Wells Fargo & Mellon National Bank and First Pennsylvania Banking Trust Company, and Shawmut Bank of Boston.

● Japanese banks have signed a joint bank line of credit of \$250m. for Textron Inc. The group includes Chase Manhattan, Citicorp, First National Bank of New York, First National Bank of Minneapolis, Wells Fargo & Mellon National Bank and First Pennsylvania Banking Trust Company, and Shawmut Bank of Boston.

● The new loan commitment extends DATA 100's borrowing limit from \$19.8m. to \$42m. through April 1, 1976. The agreement provides for a line of credit of \$30m. in the U.S. and bank lines of \$12m.

Proceeds will be used by 100 to finance customer lease contracts, computer equipment, and chase equipment previously to a leasing company and to the expansion of its business domestically and in Europe. Interest rate was not disclosed.

## INTERIM STATEMENT

## BARTON &amp; SONS LTD.

## EXTRACT FROM INTERIM REPORT

FOR HALF YEAR JANUARY TO JUNE 1973

	First Half 1973	First Half 1972	Year 1972
Sales	9,822	7,400	18,270
Group Profit	783	486	1,370
Taxation	365	195	594
Profit after Tax	418	291	800
Ordinary Dividends Interim	1.0p	0.92p	
Total...			239
(All Net Equivalents.)			

## PROSPECTS

There has been some narrowing of margins, both voluntary and imposed, but current expectations are that profit for the full year 1973 could be in the vicinity of our record year 1971.

Copies of report from: Secretary, Marriott Road, Netherton, Dudley, Worcs.

This advertisement appears as a matter of record only.

August 24, 1973.

\$200,000,000

## Bank of Finland

(Suomen Pankki—Finlands Bank)

## Ten Year Loan

This financing is managed by

First Boston (Europe)

Banco di Roma S.p.A.

Bank of Montreal

The Long-Term Credit Bank of Japan.

and provided by

Bank of Montreal

Banco di Roma Finance Company Limited

Mellon Bank N.A.

The Royal Bank of Canada

United California Bank

Compagnie Luxembourgeoise de Banque S.A.

Franklin National Bank

The Long-Term Credit Bank of Japan Limited

Marine Midland Bank

The Mitsubishi Bank, Limited

The Sanwa Bank, Limited

The Sumitomo Bank, Ltd.

Toronto Dominion Bank

The Bank of Nova Scotia

The Bank of Tokyo, Ltd.

The Dai-ichi Kangyo Bank, Limited

Manufacturers Hanover Banque Nordique

Nordic Bank Limited

Republic National Bank of Dallas

Scandinavian Bank Limited

Société Générale (Paris)

Agent Bank

Mellon Bank N.A.

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A power failure in a large department store could make for chaos. Shoppers would be in darkness, tills would be left unprotected.

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airports, factories, offices, department stores. If power is crucial, so is Dale.

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**DALE** When all else fails, it has to work

## Haddon-Oldham will build major battery plant in Manchester

FINANCIAL TIMES REPORTER

A NEW multi-million pound plant is to be built in Manchester by Haddon-Oldham, the battery manufacturing group.

Mr. Peter Hoskins, managing director of the company, which was formed by the merger of Haddon and Oldham, has told the employees that the new factory is to be built on the site of an old gasworks at Denton, where production facilities already exist.

Expansion is to take place, too, at the company's Market Harborough complex where there will be "considerable developments."

Mr. Hoskins also said that plans were in hand for the enlargement of the company's facilities at Arras, France. A new plant there has just been finished but more land has now been

acquired and a second plant is in the design stage. This could be as large as either of the two U.K. factories.

Any fears that output in the U.K. would be cut back because of the overseas manufacturing operation were groundless, Mr. Hoskins said. He commented: "If any company is going to survive and grow, if its jobs are to be secure and if the younger members of the company are to have the opportunities they want, wherever it sees a profitable market it must go out and get it."

"Only in this way can we so strengthen the company that we shall be able to resist the competition of the giant battery makers of Europe, not only in their own countries but if they come and set up factories here."

## Comprehensive plans 'too often in jeopardy'

THE GOVERNMENT has been rejecting plans for secondary school reorganisation at an increasing rate, it was claimed yesterday.

Mrs. Caroline Benn, information officer of the Campaign for Comprehensive Education, said that between February and July this year the rejection rate rose to 29 per cent, a rate which, if continued, would destroy meaningful reorganisation in secondary education.

Mrs. Benn, wife of Mr. Anthony Wedgwood Benn, "Shadow" Trade and Industry Secretary, was addressing a "Comprehensive - not Co-existence" symposium in London, organised by the National Union of Teachers and the Campaign for Comprehensive Education.

Up to August 3, she said, 310 schools out of 3,420 applications had been rejected by the Government. This gave an overall rejection rate of 9 per cent, since 1970, more than double the rejection rate for the period up to February this year.

"The Government has always emphasised that the large number of schools given permis-

sion to reorganise indicates that they are permitting the comprehensive reform to continue," said Mrs. Benn.

"The significant figure, however, is not the number of schools accepted, but the number rejected."

She said the effect of refusing permission to even one school in a local authority's plan could often mean the retention of the 11-plus for the entire area and the end of any genuine reform there.

Mrs. Benn was drawing her conclusions from a survey of 123 comprehensive schools in which she set out to find out how many had to work side by side with grammar schools and the effects of this co-existence.

A questionnaire sent to one in ten comprehensive schools in England and Wales showed that just over half were co-existing with grammar schools. In England the figure was three out of five.

More than two-thirds of all co-existing schools claimed they were handicapped by the presence of grammar schools in their areas.

More criticism of Mrs. Margaret Thatcher, the Education Secretary, and her Department came from Mr. Max Morris, president of the NUT.

He said his union took a "very serious view" of current trends of educational development, including the reduction of places in higher education, a negative comprehensive policy and the prevention of any major class size reduction.

## 'Business of businessmen is to profit'

Financial Times Reporter

BUSINESSMEN SHOULD have a code of conduct embodying "no more than the sort of elementary rules of decency that most people try to observe in a civilised society," writes Mr. David Halberstam, City Editor of the Evening Standard, in a Foundation for Business Responsibilities booklet published today.

Mr. Halberstam, a trustee of the Foundation, says it is the business of the businessman to run a profitable company, just as generals should win battles and physicians cure. Businessmen have been persuaded they are "not really quite respectable," he asserts, and blames them for being too slow in stating their case, which he sees as making as much money as they can "within certain confines."

"We all know of the companies that have become so obsessed with their status, their names ringing like a national anthem, convinced of their immortality, that they have collapsed into a squalid little heap of soiled paper, to the astonishment of those who were supposed to be running them," he says.

The Board Responsible to Whom? Foundation for Business Responsibilities, Room 18-11 Portland House, Stag Place, S.W.1. Price 40p.

## U.K. buoys for Libyan oil

By Our Own Correspondent

GLASGOW, September 11. THE FIRST two single point mooring buoys to be made in the U.K. for the oil industry, leave the Clyde on tow to-morrow for a location off the Libyan coast.

Built by Alexander Stephen Engineering, of Linthouse, the buoys, worth about £500,000, are 45ft. high, at least 40ft. in diameter and weigh 174 tons and 132 tons respectively.

Their removal from Stephen's workshops only two miles to King George V Dock alone cost £10,000. A rough roadway from the workshops had to be cleared to the dock for heavy transporters to make the day-long journey.

The buoys enable crude oil to be pumped from the oil field to tankers via a seabed pipeline. They can also unload tankers and pump ashore.

"This contract represents a new field for Stephen Engineering," said Mr. T. Evans, managing director. "It has taken nine months to make the buoys and we are now preparing tenders for similar treatment."

## Busy month at Yeadon airport

PASSENGER TRAFFIC using Leeds-Bradford Airport at Yeadon continues to increase.

In August, the airport's busiest month, there was a 3.4 per cent rise over 1972's figures, bringing an 8.5 per cent increase for the year so far.

In the first eight months of the year, 193,241 passengers used the airport, 5,000 more than in the same period in 1972.

Airlines are showing interest in new routes out of Yeadon. There are applications for links with Paris, Brussels and Scottish airports, and the newly-formed Severn Airways has applied to open a service to Bristol. It plans to operate flights twice daily from Monday to Friday.

## SHIPBUILDING AND FINANCE

The Financial Times will publish a survey on Shipbuilding and Finance on Tuesday, 9th October, 1973. The following indicates the proposed editorial content:

### 1. INTRODUCTION

The challenge facing shipbuilders, shipowners and the finance institutions in financing the huge ships now being ordered, with individual vessels costing up to £30m. or more.

### 2. SOURCES OF FINANCE

The various forms of financing available in the free international market.

### 3. U.S. BANKS

The growing interest of U.S. banks in shipbuilding and shipping finance and the extension of their interest to the London market.

### 4. LEASING

The growth of ship leasing, particularly in the container ship and containers field.

### 5. GOVERNMENT POLICY

The present state of Government policy towards assistance for modernisation and finance, including the cheap credit available for shipowners ordering vessels in Britain.

### 6. GOVERNMENT AID

A comparison of aid available in the U.K. with that of other major shipbuilding nations—Germany, Scandinavia, France, Spain and Japan.

### 7. EEC POLICY

The low profitability of shipyards internationally and the dependence on Government support. Moves towards a common EEC policy on shipbuilding.

### 8. JAPAN

The predominance of Japan as a shipbuilding nation.

### 9. DECISION MAKING

How bankers and other lenders make their decisions on financing against the background of the fluctuating state of international shipping earnings. The "collateral security" of freight contracts.

### 10. LOAN AGREEMENTS

The growth of loan agreements with multi-currency clauses.

### 11. THE CITY OF LONDON

remains the main centre for shipbuilding and shipping finance. A review of how London has maintained this position.

### 12. INSURANCE

The role of insurance bodies, including Lloyd's, in ship financing and their attitudes towards such huge individual risks.

For further information and advertisement rates, please telephone 01-248 8000, Ext. 263.

## INTERIM STATEMENT

### Reckitt & Colman

Interim unaudited financial statement for the six months ended 30th June 1973

1972	1973		1973
full year	first half-year		first half-year
£000	£000		£000
213,690	99,800	Sales to customers	122,500
24,959	10,950	Trading Profit (notes 1 & 4)	13,320
1,140	710	Interest payable less other income	590
23,819	10,240	Profit before Tax	12,730
10,640	4,760	Tax (notes 2 & 3)	6,680
13,179	5,480	Profit after Tax	6,050
923	450	Attributable to minority interests	540
12,256	5,030	Attributable to the Group	5,510
225	110	Preference Dividend (1972 gross: 1973 net)	80
12,031	4,920	Earnings attributable to Ordinary Shareholders	5,430
20.3p	8.3p	Earnings per Share	9.1p
4,591	2,180	NOTES	
310	570	1 Trading profit is stated after charging:	
		Depreciation	2,400
		Exchange Differences	1,020
2,140	540	2 Tax consists of:	
7,892	3,770	UK Corporation Tax (net after relief for overseas tax)	1,810
973	450	Overseas Tax	4,090
11,005	4,760	Tax equalisation	780
365			6,680
10,640	4,760	Transitional ACT relief	6,680

3 The rate of UK Corporation tax from 1st April 1973 has been assumed to be 50%. UK tax for the first half of 1973 has been calculated at the estimated average rate for the year as a whole, compared with 40% in 1972.

4 The results for the full year 1972 were before crediting an extraordinary item not applicable to current trading of £4,497,000, being the net increase arising from the conversion of overseas assets and liabilities into sterling following major realignments of currencies in that year.

### Statement by the Chairman, A. M. Mason

Unaudited first half year's results for 1973 compare very favourably with those for the same period of 1972 and show the following increases:

Sales to customers £22,700,000 22.7%  
Trading Profit £2,370,000 21.6%  
Profit before Tax £2,490,000 24.3%

These increases have been achieved despite the fact that during the period there were considerable fluctuations in rates of exchange, with exchange differences adversely affecting results to the extent of £1,020,000. These differences have been charged to Trading Profit. The conversion of overseas currencies reflects the rates of exchange which applied at 30th June 1973. Major factors giving rise to exchange differences were the weakness then of the US dollar, which was significant to the Group because of the size of our interests in the United States, and the strength of the Deutsche Mark which affected certain of the Group's Continental financing obligations. Because the pound is floating in relation to other currencies it is not possible to predict the amount of exchange differences for the full year and, in the event, these may be more, or less, than the amount shown for the first half of the year.

The higher UK tax rate in 1973, resulting from the new Corporation Tax system, affects comparison of earnings attributable to ordinary shareholders and of earnings per share, with those in 1972. Had the system been the same for the two half years both earnings and earnings per share would have been some 15% higher than for the corresponding period last year.

Subject to what I have said about exchange differences, I expect profit before tax for the year as a whole, to show a good improvement over that for the previous year. Today your Directors declared an interim dividend for 1973 of 3.15 pence per ordinary share, making with the related tax credit a total of 4.5 pence per share (1972 4.5 pence per share). They also resolved that the half-yearly dividend due on the 3% (formerly 5% gross) Cumulative Preference Shares be paid. The ordinary dividend will be paid on 2nd January 1974 and the preference dividend on 1st January 1974 to shareholders on the respective registers as at the close of business on 1st November 1973. The ordinary dividend will absorb £1,886,260 and the preference dividend £78,750.

RECKITT & COLMAN LIMITED, BURLINGTON LANE, LONDON W4

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## ANNUAL STATEMENTS—continued

# SCHERING AG

BERLIN & BERGKAMEN/FEDERAL REPUBLIC OF GERMANY  
(Pharmaceuticals, Plant Protection Agents, etc.)

## CONTINUED PROGRESS AND AN UPWARD EXPORT TREND

Annual General Meeting of capital of this company was held in the year under review on June 21st 1973 and the following are details of the report presented by the Board of Management:

**Review**  
The year under review was marked by a steady growth was maintained and there was a clear upward trend at the end of 1972. Turnover of SCHERING AG rose from DM733.3m. to DM811.9m., an increase of 10.6 per cent. The average for the chemical industry, domestic sales rose 5.3 per cent. whilst exports showed a distinct increase over the previous year, amounting to 12.5 per cent. Turnover of SCHERING Group as a whole rose by 10.9 per cent. from DM1,215m. to DM1,347m. This comprises the turnover of companies both at home and abroad in which SCHERING has a share. The increase in turnover was more than 50 per cent. Development was not uniform in the various sections of the business, in the individual foreign markets but there was a particularly marked increase in sales in certain West European countries.

**Activities**  
The Group pharmaceuticals amounted to DM811.9m. in 1972 and were 9.5 per cent. higher than in the previous year. The rate of increase abroad had not been even higher in 1971 and the year under review. The use of hormone preparations was still high in the previous year in many but the leading position was maintained. The range of products was supplemented by the introduction of the "mini-Euro" development of sales Europe was encouraging. The extension of the research programme necessitated a further increase in the number of employees. At the end of 1972, 15,656 people were employed in the Research and Development departments (excluding laboratory apprentices), among them 265 with degrees. Expenditure on research and development amounted to DM98.0m. in 1972. This represents an increase of 16.9 per cent. compared with the total of DM83.2m. in 1971. Expenditure on research rose by 11.8 per cent. of SCHERING AG's turnover compared with 11.2 per cent. in 1971. In the year under review DM37.7m. were invested in developing installations for research and development compared with DM36.5m. in the previous year.

**Industrial Chemicals:**  
With a Group turnover of DM225.1m. the increase amounted to 18.9 per cent. compared with 1971. The growth of the synthetic resins range was satisfactory and came up to expectations.

**Domestic subsidiaries**  
The AG's company deals with the administration of foreign participating companies operating within the SCHERING Group. The company has increased the capital by DM35m. DM105m. to enable tax savings to be claimed. All reserves have been taken over by SCHERING AG at their nominal value. The loss for the year of DM3.1m. was transferred to the Parent Company in accordance with the Management Profit Transfer Agreement.

**Concordiary AG:** This company continued the winding up of its affairs during the 1972 financial year which resulted in the suspension of its activities in 1968. The total of the "Düsseldorfer AG" was increased from a previous DM3.15m. to a total of 10.0m. and the capital of the chemical works Curtius GmbH in shurg from DM0.4m. to 3.0m. The consolidated turnover of the Concordiary Group rose by 12.5 per cent. from 57.4m. to DM76.5m. in 1972. **Pharmapharm GmbH:** This company ended the 1971 financial year with a profit of DM1.0m. compared with DM1.3m. in the previous year. During the year under review this profit was distributed to shareholders. Operations were successful in 1972. **Ar-Rakoll Chemie GmbH:** The

BALANCE SHEET AT DECEMBER 31, 1972			
(Summary)			
LIABILITIES			
	DM	DM	DM
are Capital	179,459,400.00	186,551,500.00	
Reserves	302,573,044.00	307,853,182.00	
Other Reserves	8,081,550.00	8,727,500.00	
Value Added	1,321,000.00	1,307,000.00	
Provisional Reserves	254,498,448.26	254,629,464.77	
Overvalued Bonds 1966, 1971	61,545,000.00	61,545,000.00	
Long-term Liabilities	64,174,574.21	127,730,875.39	
Liabilities	112,701,585.27	117,245,346.41	
Liabilities	32,597,500.00	35,915,500.00	
	1,064,800,373.74	1,211,380,537.77	
ASSETS			
	DM	DM	DM
Fixed Assets	245,776,583.01	257,230,397.56	
Financial Assets (Bonds, Investments in other Companies, etc.)	291,047,135.57	287,823,589.93	
	536,823,718.58	545,053,987.49	
Current Assets	528,987,775.23	595,000,353.49	
Inventory Items	1,214,500.00	1,145,856.77	
	1,064,800,373.74	1,211,380,537.77	
PROFIT AND LOSS ACCOUNT FOR THE YEAR 1972			
	DM	DM	DM
Revenue	245,776,583.01	257,230,397.56	
Expenses	245,776,583.01	257,230,397.56	
Profit	601,553,154.99	601,553,154.99	
EXPENDITURE			
	DM	DM	DM
Wages, Salaries, Social Security Payments	226,397,775.77	254,736,204.71	
Depreciation Wages, Taxes	114,215,182.02	109,446,187.28	
Depreciation	136,846,365.00	128,644,625.07	
Provisions	2,500,000.00	11,200,000.00	
Other	35,297,500.00	35,915,500.00	
	601,553,154.99	601,553,154.99	

# Labour's state-run insurance plans criticised

By MICHAEL BLANDIN

LABOUR PARTY proposals for State ownership of the insurance industry were strongly criticised yesterday by Mr. D. W. A. Donald, general manager and actuary of Standard Life Assurance.

Mr. Donald hoped that "better sense" would prevail when the Labour Study Group's "green paper" was debated at the forthcoming party conference.

Speaking as the general manager of the largest of the mutual companies, he argued that policyholders were unlikely to get a better deal under State ownership.

It would mean that the funds would be under one management instead of several — and at present some companies had consistently earned more profits for policyholders than others.

"If all 'Joe Bloggs' are to get a better deal (instead of the best sinking to the level of the general average)," he argued, "the proposed British Insurance Corporation will have to earn higher profits than the best of the individual companies."

To achieve this, it would either have to show greater investment skill, or run the business more cheaply.

Mr. Donald said: "Incredibly, the study group has ignored the fact that about 35 per cent. of life assurance business in Great Britain is in the hands of mutual companies—that is companies without any share capital and managed entirely for the benefit of their profit-sharing policyholders."

On the expenses side, he suggested that money could be saved only by drastic reductions in the standard of service. "Whether Joe Bloggs would regard service of this kind at a cut rate as being a better deal is doubtful."

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# Berni Inns to open in Tokyo

By Nicholas Leslie

BERNI INNS is due to open in Tokyo in December, following the signing of an agreement with Nippon Meat Packers and Mitsubishi Corporation to set up a joint venture aimed at operating a chain of Berni steak houses throughout Japan.

The choice of Japan for the first major overseas operation by Berni, the steak house subsidiary of Mr. Maxwell Joseph's Group Metropolitan group, was disclosed in July. The joint company is to be called Berni Inns Japan, and it will have an authorised capital of ¥1,000m. (about £16m.), with the paid-up capital being ¥250m. (about £40m.).

Berni will own 40 per cent. of the equity, Nippon Meat 40 per cent. and Mitsubishi the balance. The first steak house is to be sited in Tokyo's Roppongi district—equivalent to London's West End. Yesterday's announcement also disclosed that there are now plans for a further three branches to be opened next year, with expansion throughout Japan to follow until there are at least 50 branches in major Japanese cities within five years.

Nippon and Mitsubishi's roles in the venture will be to provide food, management and sites. Berni will ensure that the character and atmosphere of its restaurants are maintained. To achieve this, all fixtures, fittings and equipment are to be shipped to Japan from the U.K.

**Competition**  
"Neither is impossible, though one may ask where the financial geniuses are to come from who are to achieve something which is beyond the present management, even under the spur of keen competition which would disappear under the proposals."

Experience in North America and Europe, where governments controlled the investment activities of life assurance companies more closely did not support the thesis that such conditions would benefit policyholders, McDonald said.

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# 'Britain can benefit from Japan's economic growth'

By Nicholas Leslie

BRITAIN COULD profit hand-somely from the probable future development of the Japanese economy, a London conference was told yesterday.

The potential for the U.K. to work with this Asiatic giant to mutual advantage was exceptional, said Dr. James Abegglen, vice-president of the Boston Consulting Group and a leading expert on Japanese affairs.

The two-day conference, organised by the Financial Times in association with British Airways' (Overseas Division), examined the prospect for British exports in the context of the Japanese economy from both the British and Japanese sides.

Dr. Abegglen reminded the conference that Japan's output was now about three times that of Britain, and about as great as that of the Soviet Union. It had achieved this by extraordinarily rapid growth over the past two decades. The established economies of the West had not found dealing with this phenomenon either comfortable or easy.

Yet, looking forward over the next few years it must be concluded that, barring international economic or political catastrophe, the Japanese economy would continue to expand very rapidly, at about its recent pace.

Dr. Abegglen said that most of the factors causing this fast growth—very high levels of investment, the quality of the work force, political stability and competent leadership—would continue in effect.

An "affluent and prosperous Japan whose success will continue to give rise to international tensions over trade and investment with new and perhaps substantial friction over raw-material sources and supplies," could be expected.

That was not to say that nothing about Japan and its economy had changed or would change. The chief changes of immense importance for Britain had to do with Japan's relations with the world.

First, from being highly protected, the very large Japanese market was now as open to British exports as any in the world. Second, Japan was now open to foreign investment, not only to ventures with Japanese firms, but to the full range of investment approaches, including acquisition.

**EEC market**  
He said that perhaps more important from a British view was the fact that Japan was now, and would increasingly be, a substantial overseas investor. Britain would surely be seen as an attractive site for Japanese manufacturing and distribution investment aimed at the EEC market. London's part as a capital market and financial centre would provide opportunities to support and assist Japanese investment.

The chairman of the conference, Sir John Figgess, chairman of Blanchard (Holdings) and the Commissioner General of the World Exposition at Osaka in 1970, said there had been a tremendous growth in Japanese imports. In the first six months of

the year, Japan's imports rose to about \$6,600m. Despite the valiant efforts of many British exporters only £124m. of this came from the U.K.

Sir John was sure that there were great opportunities for the U.K. to sell much more to Japan. The Japanese themselves felt that Britain had not made the effort it could have made in this direction.

Mr. Robert J. Ballon, professor of Economics and Business Administration at Tokyo's Sophia University, said that everybody in a Japanese company, not just its management, was accountable for its progress.

Mr. Ballon, who spoke about some of the problems of direct investment and joint venture Japanese ventures, said the conference that Japan had no labour or trade unions, but "enterprise unions." Therefore company consciousness prevailed in the labour unions, too. This meant that every staff member spoke up for a company.

The Japanese, he said, described Western style of management as "top down." In Japan the management style was different: all a company's employees were concerned with its growth. Market shares kept increasing and to achieve this individual employees did anything their company required them to do.

But there was no need for the Japanese to work hard. It was enough for them to work together.

"That is why the work motivation of the Japanese is disturbing to the West," said Mr. Ballon.

Approaches are to be made to architects and schools of architecture to emphasise the need to take a more positive and responsible attitude towards ensuring the fire safety of buildings with which they are concerned.

Fire safety within new multi-storey buildings is controlled by building regulations, the association points out, but except in London and some other local authority areas there is not the

same degree of control for single-storey buildings.

More big fires are being started deliberately, the association claims. Managers of all buildings must tighten up drastically on security against intruders.

Directors of education and individual school heads must, the association stresses, recognise that incendiary is the leading cause of large fires in schools.

THE FIRE Protection Association is writing to managements of hotels and leisure centres, schools, and high-risk trades and industries to point out the growing dangers of fire and suggest some practical steps of self-help.

The move comes in the light of the present "extremely serious" fire situation, the association said. Material damage losses through fire in the last 12 months are put at £150m.

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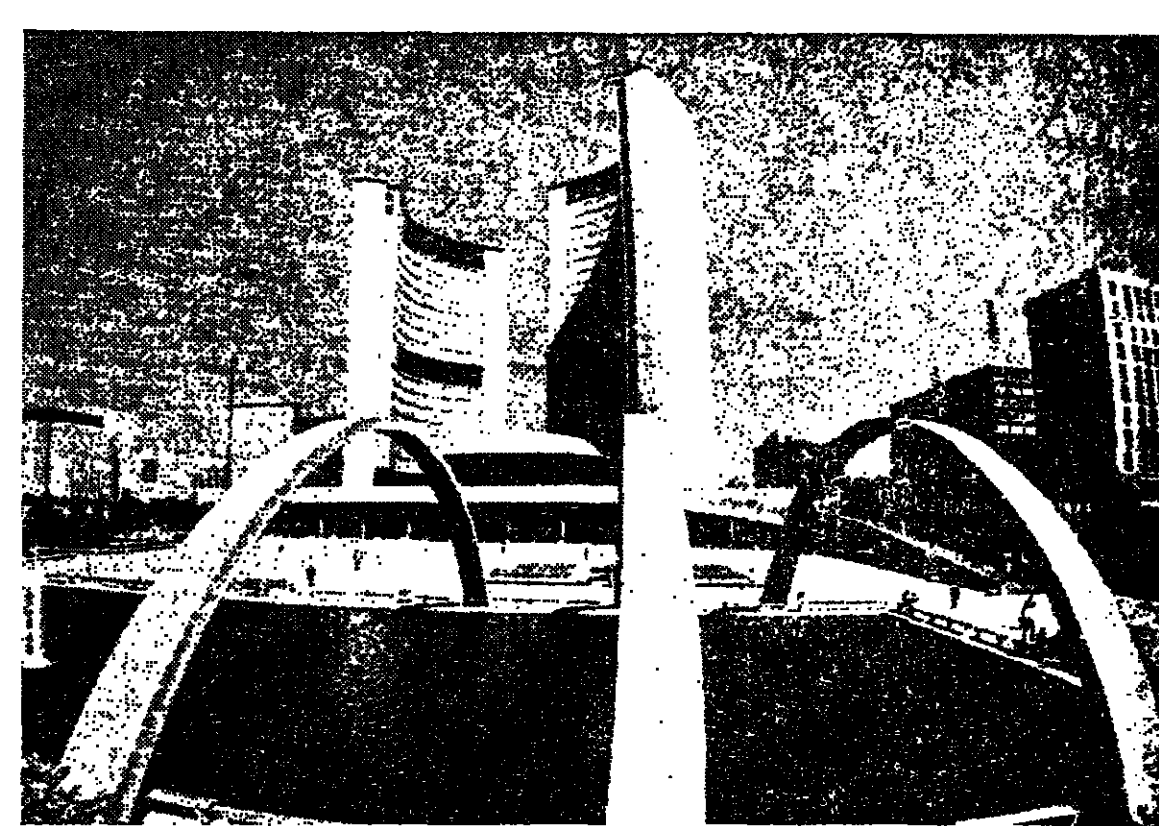
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# How the British Airways 'air shuttle' will work

BY MICHAEL DONNE, Aerospace Correspondent

IT HAS LONG been the dream of many air travellers, especially businessmen, that one day they might be able to dispense with all the tiresome formalities of checking-in and waiting around at airports, and instead just arrive at the last minute, go straight to an aeroplane without a reservation but with a guarantee of a seat, and fly away. The European Division of British Airways (formerly BEA) is at last planning to make this idea a reality from the spring of 1975, with its "Air Shuttle" on the main domestic trunk routes to Glasgow, Edinburgh and Belfast, and the three busiest international routes to Paris, Brussels and Amsterdam.

## Frequency

How does a shuttle system work? Basically, it means a constant flow of aeroplanes on a given route, offering a high frequency of service, say, every hour on the hour, or even more often. The service carries the specific guarantee of a seat for every passenger without any advance booking—which means that if more than a full load turns up for one particular flight, the overflow does not have to wait for the next "timetable" flight, but is accommodated immediately on a stand-by aeroplane, even if that has to fly out half-full. This kind of guarantee releases the passenger from worry about getting a seat. He can just turn up at the airport, and go immediately to the shuttle gate. A feature of the system is that the shuttle always goes from the same, widely-publicised, gate so that a passenger does not have to hunt all over the airport for it. Only at the gate does he pay for his ticket, by cash or credit card (and eventually it is hoped that automatic ticket dispensers will become standard throughout the air transport industry). If he arrives barely in time, before the shuttle flight leaves, he can go aboard and buy his ticket off the stewardess. He can either carry his luggage with him to the shuttle gate, where it is taken off him and loaded, or he can check it into a special "shuttle baggage" collecting point in the central foyer of the airport, and



The British Airways' team: David Nicolson (centre), with Henry Marking, managing director (left), and Sir Keith Granville, deputy chairman.

then go on to the gate for the flight. The objective is speed and convenience, not necessarily cheapness—although by cutting out many of the normal overheads of advance ticketing, checking-in, and so on, the airline should save some money by the shuttle system. British Airways does not expect its own shuttle flights to be cheaper than current normal scheduled flights, which the shuttle will be designed to replace.

## Confidence

The biggest factor in the success of such a system is the

passenger's confidence in it. He must be confident that he is going to get a seat, without booking in advance. The moment he finds that, for any reason, he is not guaranteed a seat, the shuttle is doomed. Another essential factor is punctuality—the flight must leave the gate on time, although air traffic congestion and bad weather could delay actual take-off or arrival time. Yet another factor is service. If a businessman is in a hurry, and wants a drink, coffee or snack en route, and is told he can get it, he will expect it to be served swiftly, not two-thirds of the way through the journey so that he has to "gulp it down before

interference from the rest of the group. It will have its own gates in the Heathrow Terminal, and perhaps eventually even its own Terminal.

Clearly, the best way is to start on domestic routes, which are already among the busiest in the British Airways' network. Internationally, it may be more difficult to get the system going, because of the need for consultation with the other airlines involved—Air France, Sabena of Belgium and KLM of Holland. It is hoped that they will be quick to see the validity of British Airways' arguments, so that reciprocal shuttle services may become available on their flights.

The shuttle system, however, is only one of the ideas British Airways has in mind. Apart from such basic things as improving punctuality and safety, the world scheduled air transport industry as a whole, because of international agreements, has left itself only limited areas in which individual airlines can compete for business. Most of them already fly the same types of aircraft, in which seating standards are rigidly laid down by the International Air Transport Association according to the fares charged.

## Competition

Similarly, meal standards and fares are controlled, and often Governments also control the volume of direct competition between airlines on specific air routes. Thus, only a comparatively small area of competitive manoeuvre is left to the schedule airlines. (The independent or non-scheduled airlines outside the IATA have more room, and have taken advantage of it to the scheduled airlines' cost in recent years.)

This small area, in effect is the area of "quality of service"

—the manner in which the airline treats its passenger from the moment he buys his ticket until the time he quits his destination airport. It is the one area where the volume of complaint is highest, and one to which too many airlines pay insufficient attention.

"Quality of service" means different things to different passengers. To one, it may be the tone of voice of the girl taking a booking. To another, it may be whether he can get a drink on a flight or not. To others, it may mean getting there on time, or the way in which the pilot puts the aircraft on the ground—the latter being something that does frighten a large number of people.

## Amalgamation

British Airways says it is aware of this, and its senior executives admit that the whole area of passenger handling is vital to the long-term success of the merger between BOAC and BEA. People will be looking to see if standards slip, or improve, as a result of the amalgamation.

One of the areas British Airways intends to concentrate upon is giving the first-class passenger better value for money. He already gets a more comfortable seat, and perhaps a meal or free drink when the economy-class gets nothing. British Airways intends to pamper him a little more, giving him executive lounges in which he can wait, and perhaps boarding him at a separate time from the rest of the passengers, so as to avoid congestion at the loading gate. Smoother, swifter, more courteous handling means far more to first-class passengers than trashy giveaways on board that they really do not want.

For the economy-class or tourist passenger, too, there is much to be done. British Airways European Division intends to turn over entirely to the improvement of gates at Heathrow, eliminating the past practice of occasional buses to take passengers to aircraft. It is hoped progressively to introduce the system of "check-in" for all, whereby passenger can shed his baggage at a central point, move to the gate, check-in there and select seat, and either wait in lounge before boarding, or possibly go aboard immediately and wait on the aircraft. "Trickle-loading" concept, increasing rapidity of "turn round" times at Heathrow, reduce opportunities for trill loading, but it may be possible eventually to reduce reporting times, so that the waiting period is further reduced.

## Constraints

British Airways has constraints on its plans. The design of the present system at Heathrow's Terminal One is not entirely suitable for gate check-in systems, and gate check-in systems are under way for some of these to be enlarged anyway in time for the arrival of Airbus and TriStars next year. Security checks, at present required on international flights because of the menace of hijacking and sabotage, also hinder the smooth flow of passengers through the airport. Nevertheless, the ambition to make life smoother for the passenger, and even if the plan now being considered cannot be introduced in the immediate future there may be some comfort in the thought that the concept that "the passenger is the reason for our existence and not an interruption of our daily lives" has not entirely disappeared from air transport.

## Adapted

British Airways' is still refining its ideas, and has much work to do before the shuttle plan can become effective.

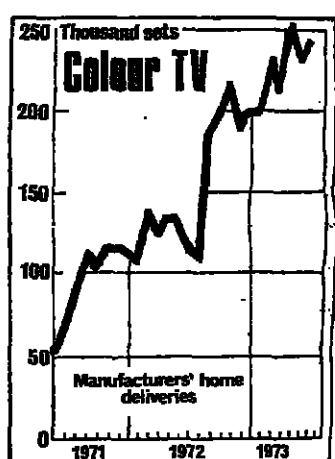
It is not surprising, however, that British Airways should

## Royal wedding may accentuate shortage of colour TV sets

BY ARTHUR SANDLES

A SHORTAGE of popular models of colour television is likely in Britain in the next month as business picks up after a summer pause. Medium-priced, medium-sized sets, particularly, are likely to be restricted. The royal wedding in November also may produce an upsurge in demand, making the shortage even worse. "Sales have surged again much earlier than we expected," said one company yesterday. Latest figures from the British Radio Equipment Manufacturers' Association show July deliveries of colour sets to the trade at 242,000, 10,000 more than the June figure and comparing with 118,000 in July of last year. In the first seven months of this year a total of 1,560,000 colour television receivers were de-

livered to U.K. distributors, a rise of 78 per cent on the same period last year (874,000). Deliveries of monochrome sets reached 108,000 in July, bringing the total for the first seven months to 873,000, a fall of 17 per cent from the 1972 figure of 1,050,000. Radiogram deliveries reached 28,000 for the month, giving a January to July total of 191,000, a rise of 30 per cent over 1972 (147,000). BREMA members have delivered 496,000 audio systems in the first seven months of this year, a rise of 88 per cent compared with 1972 (265,000). Record player deliveries reached 32,000 for July giving a total of 248,000 for the year so far, a decrease of 7 per cent from 267,000 in 1972. The month's radio receiver deliveries, 579,000, brought the year's total to 3,369,000, a rise of 6 per cent over 1972 (3,174,000).



## Proposals on work safety under attack

By Martin Routh

DEPARTMENT of Employment proposals for safety and health at places of work have been widely criticised by the Association of Public Health Inspectors. An editorial in this month's issue of the Association's journal, *Environmental Health*, urges very careful examination of the powers proposed for the new Safety and Health Commission, and their effect on the environmental health functions of local authorities, before a Bill is submitted to Parliament. Following the recent Robens Committee call for a national authority for safety and health at work, empowered to make regulations for protecting both employees and the public in general, the DE proposed a Safety and Health Commission and a Safety and Health Executive. The association finds "alarming" the DE assertion that the relationship between the powers of the executive under the Bill and local authorities under existing acts will need examining. "We can see no reason why a body established essentially to safeguard the health and safety of workers should become involved in matters of public health," states the editorial. Local authorities have the duty to protect their inhabitants' health and deal with pollution that may affect them, it points out. "It can be inferred that the Department of Employment is planning, for example, to make the control of air pollution from individual factories the responsibility of the new commission, while local authorities will have the duty of reducing the general level of air pollution." The association questions whether a clear distinction can be drawn between general pollution and pollution from individual sources.

## TEACHING DEGREE PART-TIME

A part-time degree course in education designed for teachers is to be launched as a collaborative venture by Hatfield Polytechnic and three colleges of education in the area: Balls Park, Hertford, Putney, Bury, near Luton, and Wall Hall, near Watford. The course aims to attract present and former teachers, including women, who have left teaching and are contemplating a return.

## Warning on spending for mentally handicapped

BY DR. DAVID CARRICK

PLANS TO spend around £4m over the next decade on better services for mentally handicapped patients may require reconsideration, according to the latest report published by the Office of Health Economics. The authors of the report are not suggesting that the sum is too great. But, they say, because of current changes in treatment and attitudes, as well as promising research, an undue amount of the money may be allocated to the building of special hospitals for the sub-normal and too little to research, preventive measures and improved provision for community care.

At the moment there are about 140,000 severely mentally handicapped people in the U.K., most of whom cannot live independently and require special help. A further million, however, the report estimates, have IQ's as high as 70 and are capable of leading independent lives so long as adequate training and suitable employment are provided. Within the next 10 to 15 years, the report claims, improved

pre-natal and post-natal care for babies at special risk of suffering from brain damage, greater advances in control of infection, and the early detection of genetic and chromosomal abnormalities (such as those leading to mongolism) may result in a substantial reduction in the total of sub-normal individuals. It depends, however, on the money available being channelled into the directions most likely to achieve these aims. "Mental Handicap," Office of Health Economics, 162, Regent St., London, W.1. Price 25p.

## PARLIAMENT ON STAMPS

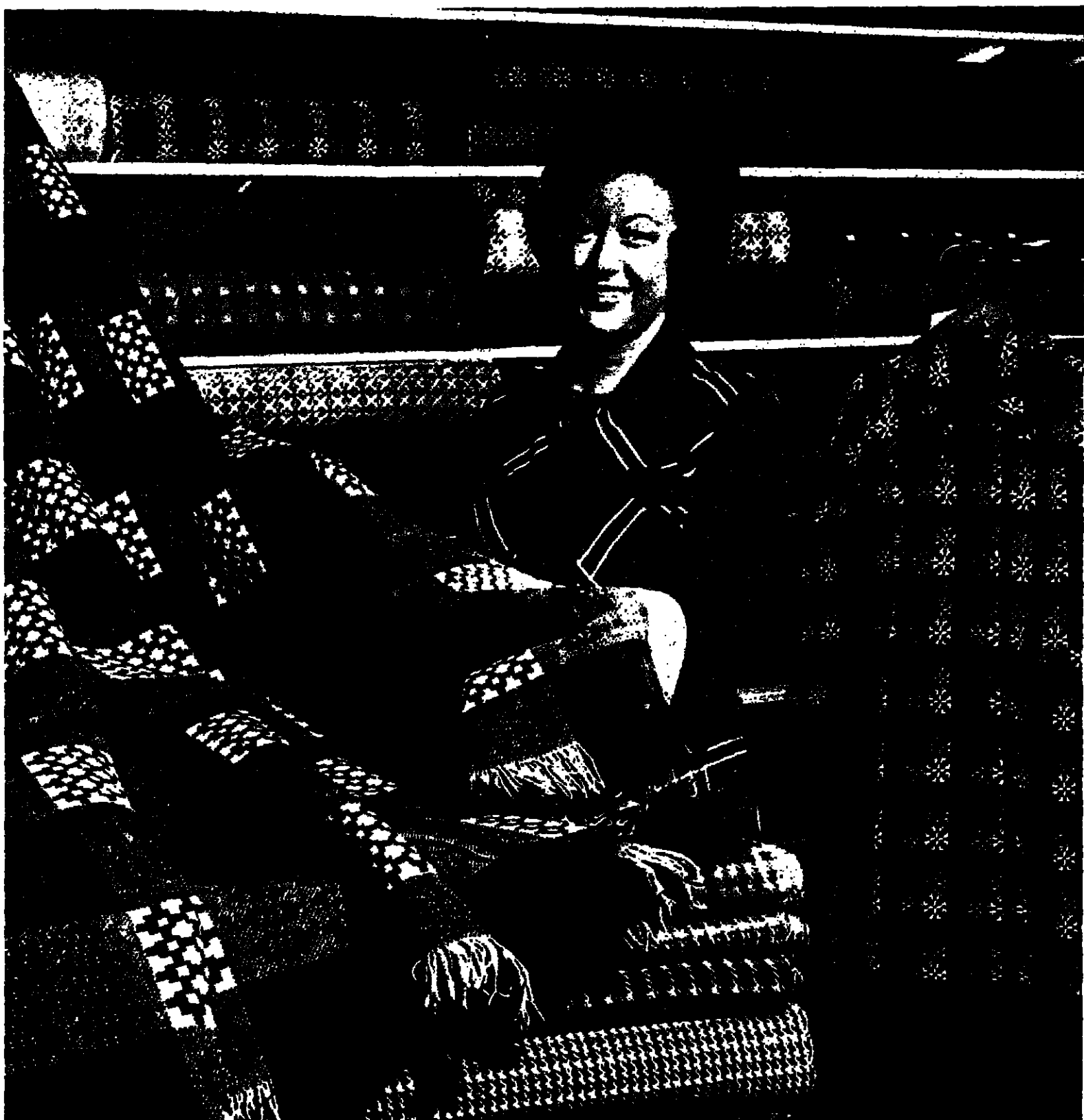
Two stamps showing new views of the Houses of Parliament, to commemorate the opening by the Queen of the 19th Commonwealth Parliamentary Association conference, are on sale at all Post Offices today. An 8p stamp shows the Palace of Westminster from the Whitehall end, and a 10p stamp has the view from Millbank.

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# Airlines hope for accord on new Atlantic fares

MICHAEL DONNE, AEROSPACE CORRESPONDENT

ATLANTIC AIRLINES meeting to settle new fares from January 1 are hopeful of an agreement within the few weeks.

It seems almost certain to be on maintaining the existing structure, with small rises in some rates, such as 145 days excursion round Atlantic airlines do not seem to be unduly concerned by the problems facing the Aeronautics Board in the which has been told by the Board to negotiate its own individual agreements with separate countries on the route, but it would have to provide the initiative.

So far as European fares are concerned, the situation appears to be broadly similar, with most airlines ready to accept retention of the existing structure, with perhaps some increases in normal tourist and first-class fares and an extension of a few promotional rates.

## Rising costs

The point being made strongly is that with costs now rising steeply — some airlines have made provision for rises of up to 50 per cent. in fuel prices next year — no airline is in any position to think in terms of cutting fares, in spite of consumer pressures.

In effect, the airlines feel that if they can even "hold the line" on existing fares in the present inflationary situation, they will have done well by their customers.

## Passports at post offices

THE PUBLIC will be able to get visitors' passports through "while you wait" service at Post Offices from January 1. The £1.50 passports — valid for a year — have hitherto been issued by the Department of Employment offices.

Applicants will fill in an application form and hand it to a counter clerk with two passport photographs, the fee and a birth certificate, pension book, or Health Service medical card for identification. "While you wait" passports will be normal service, but in some cases there will be delays for checking.

The Department of Employment is also giving up handing applications for the standard £5 passports, valid for 10 years. These will be dealt with direct by the Passport Office, in Petty France, Westminster, from January 1.

The Department of Employment was handing over passport work because it made demands which impeded the development of the employment service, said the Post Office.

## N. England airports study ordered

By Michael Donne, Aerospace Correspondent

THE CIVIL Aviation Authority has commissioned a study of airports in the North of England, with a view to finding out how they need to be developed to meet future air traffic growth.

It will be carried out by Alan Stratford and Associates, in conjunction with Maxwell Stamp Associates, who will finish their task in early 1974.

They will prepare forecasts of the demand for air travel in the North of England for the period up to 1990, and the need for new airports and associated road and rail links.

Particular attention will be paid to the roles of existing airports at Newcastle, Teesside and Carlisle, especially in relation to industrial development of the areas they serve.

The study will cover the expansion of cargo traffic and "general aviation" — light, personal and business aircraft movements — as well as air transport needs.

## NOTTINGHAM BUS SERVICES CUT

The Trent Bus Company has announced cuts in some services in the Nottingham area because of a shortage of staff. The company said it hoped services would be back to normal within a few weeks.

## BUILDING LAND AND SITES

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86/92, Kensington Gardens Square, W.2. Freehold terrace of 7 houses representing a fine residential conversion scheme for 66 self-contained flat units. Planning permission granted. Excellent flat re-sale potential, the development overlooks Gardens to the front and rear. Plans, etc., available for inspection at the Auctioneers offices.

1, Sloane Avenue, S.W.3. Substantial leasehold investment. Corner house. 3 furnished flats for eventual re-sale, comprising lounge, K & B & bedroom each. Present income £4,834 p.a. gross. 2 units sold and subject to Ground Rent of £50 p.a. plus share of maintenance. Good order throughout. Lease 35 years. Ground Rent, £52.50 p.a.

45/47, Radnor Walk, S.W.3. Two substantial freehold shop premises situated on the corner of Smith Terrace comprising a ground floor restaurant let at £3,000 p.a. for 15 years subject to reviews. One maisonette sold subject to Ground Rent of £35 p.a. rising. One maisonette, 3 rooms, K & B, having C.H. and newly decorated offered with vacant possession.

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26 & 28 Boscombe Road, W.12. Detached pair adjoining Freehold non-basement flats house on corner site. Own car park. Development potential. 28 rooms let furnished and producing £10,400 p.a. 21, Dewhurst Road, W.14. Freehold non-basement corner house of 11 rooms, 3 showers, 2 baths and double garage. Let as furnished rooms producing £3,075 p.a.

## BUSINESS OPPORTUNITIES

### NOTICE

The National Marine Superintendency of Brazil will receive until 20th September 1973, letters from worldwide shipping companies and from enterprises with international experience in the activities of ship repairs, disposing effectively in operations docking facilities over 200,000 T.D.W., which are interested to participate in the

### SHIP REPAIR CENTRE

in process of formation in Brazil.  
The Ship Repair Centre referred to above, must dispose of a capacity to perform repairs of ships up to 400,000 T.D.W. The enterprises selected will have participation in the capital and will be co-responsible in the elaboration of the project and in the implementation and operation of the Ship Repair Centre.

Letters should be addressed to  
Superintendencia Nacional do Marinha Mercante,  
Attn. Chefe do Gabinete, Av. Rio Branco 115, 14 andar,  
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is interested in receiving proposals for an investment and development venture, including commercial, industrial, residential and agricultural. The venture can be in the form of a partnership or a company. Substantial funds are available for investment. Substantial funds are available for investment. Substantial funds are available for investment. Write Box E.1146, Financial Times, 10 Cannon Street, EC4P 4BY.

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## RUBBERS AND SISAL

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# The Executive's World

EDITED BY  
JOHN TRAFFORD

## Data networks are coming

BY ANDY McELROY

IF YOU are under 50 and not planning an early retirement the chances are that you'll spend the last five or six years of your working life doing a large part of your job on a terminal linked to a network of computers. This is the constant refrain of all data processing pundits and nobody in business gives it much serious thought.

But several of the speakers at the Sixth Joint International Seminar in Computing Science at Newcastle last week (the subject was "Computers and Communications") suggested that it is about time that executives in British industry began looking for ways of effectively using computer networks as an aid to business rather than trying to pretend they do not exist.

Professor Kleinrock of the University of California, Los Angeles, pointed out that ARPANET, a data network in the United States, has transmitted to subscribers a million bits of coded information at a cost of half a dollar. Put another way, the whole content of this article could be sent down the wire to any destination at a cost of two or three pence. This should at least alleviate the problem of communications.

That is part of the economic argument. Another is that the information need not be stored as a piece of paper in a file, an increasingly expensive system as office rents soar. And once the text is in the system, two or three executives in, say, Glasgow, Manchester and London can call it up simultaneously on their video screens and edit it as a joint venture.

### Updating

Far more important from the businessman's point of view is the facility for updating a system and records. Sales information, entered from any of the terminals and stored on one of several computers, can be transferred at will between computer stores and between terminals to modify existing reports.

It may all sound a bit like science fiction but the system already exists and is being used by several large corporations in the United States. Over the past few months the rate at which companies are joining ARPANET and using the programs built into it has been increasing. At present it is running at about one-third capacity and it is expected to reach saturation point early in 1974.



Video communication systems and computer networks linked to terminals may one day permit the executive to work from home

the sixth function of its kind, several academics conceded that they were already having an influence on university curricula in computing science.

There is many a slip between the lecture room and commercial use in any subject, but Professor Ewan Page of Newcastle said last week that he is starting a joint degree course in computing and communications theory. Three years hence, then, there should be a small but steady trickle of engineers with the necessary qualifications to implement data networks.

### U.K. network

What is still in doubt is the form that a British network will take. Professor Engelbart made out a good case for this software and his operating systems, and on the evidence it is impressive. His approach is that a network—or indeed any computer system geared to management—must be organised on the principle of "knowledge augmentation".

For the past ten years he and his co-workers have been developing what he describes as a "knowledge workshop system".

Though it may sound just another piece of jargon, his aim is to sit at the centre of the network with a system of programs and standard files that will provide the executive with a combination of reference library and calculating power that he can use, in conjunction with his company's own confidential files held on other computers, through his terminal.

Already the ARPANET includes computers of several different kinds to handle every kind of task from payroll and accounting to scientific calculations, financial modelling, and even complete corporate modelling. It is technically simple to include machines that will control machine tools, a development that would open the way to a complete management system covering every facet of operation and automatically entering production data that is at present difficult to acquire and analyse.

Companies that are already using remote computing may justifiably be rather cynical about the cost of such a network. Line costs are high, and for companies that are fifty or sixty miles from the main processor these

represent a considerable part of the overall cost.

Dr. Douglas McKay, of IBM's Thomas J. Watson Research Center at Yorktown Heights, last week told delegates of a recent development in the United States. A corporation has been formed to set up a network operation that will charge customers only on the basis of connection time and traffic run through the system and completely independent of distance.

Hopefully, they have done their sums accurately, and if the next two years show that they are available for the bonuses, this sum depends on corporate performance but is limited to 1.5 per cent of pretax operating earnings. Directors and managers then allocate money to individuals based on their own performances.

But experts from the United States are adamant that come it must and that Britain, which already has more terminals per computer than any country except the United States, will be the natural growth point for a comprehensive commercial data network for executives.

## The bonus returns to favour

BONUSES are becoming more popular in the U.S. because many companies think they will make executives work harder. And, with changes in tax laws and recent poor results from stock options, many executives are delighted with the quick cash.

A 95 per cent bonus really motivates you," says Dale Wood, a Vice-President of Crutcher Resources, a Houston maker of pipeline equipment which started an executive bonus plan two years ago.

In a McKinsey compensation survey, 71 per cent of the companies had an annual executive bonus plan last year, up from 63 per cent two years earlier. In 23 of 31 industries surveyed last year, two-thirds of the companies had executive bonus plans. Four years earlier, that was true in only six of the 28 industries surveyed.

Some companies say they have devised bonus plans for middle management and other employees as well as for top executives. And companies that do not offer bonuses to executives in general increasingly grant special bonus arrangements to lure individuals from other companies.

Even in banking and insurance, where bonuses were once rare, bonuses are arriving. "We are committed to a 15 per cent growth rate in earnings per share, and we think that a bonus helps to attract the kind of people to attain this," says Robert Feagles, Vice-President for personnel administration of First National City which set up a bonus plan this year.

Aetna Life and casualty established a bonus plan for 380 executives this year. In this fairly typical plan, directors first decide how much money will be made available for the bonuses.

This sum depends on corporate performance but is limited to 1.5 per cent of pretax operating earnings. Directors and managers then allocate money to individuals based on their own performances.

Bonus plans are likely to grow even if the U.S. government gives final approval to executive pay restrictions, says George Foote, a McKinsey director. Among other things, the restrictions would prohibit bonuses paid to top officers and employee-directors from rising more sharply than total company bonuses. The new restrictions would renew the Phase 2 requirement that big companies should obtain prior government approval before starting or revising bonus plans.

"The rationale for companies to start bonus plans still exists whether there are controls or not," Foote reasons. The approvals required are similar

to those during Phase 2 of the U.S. government's anti-inflation programme, and bonus plans grew during that period. Foote says.

Hoping to improve incentives, companies are devising all sorts of plans geared to their problems. Arpeja-California, a Los Angeles apparel concern, decided that executives were putting too much effort into chasing volume and not enough chasing profit margins, says the chairman Jack Litt. So four years ago the company established a bonus plan with criteria that heavily emphasised profit margins, he says.

Some companies that already have bonus plans say they are revising them to make them

will make money. In a strong market, this often happens, but recently stock prices have run below the option prices, so the executives have made nothing.

"The decline in the stock market has caused lots of guys putting too much interest in pie in the chasing volume and not enough chasing profit margins," says Frederick Teague, a management consultant, Mr. Meyer of Handy Associates contends "many people have stopped wanting to bet. The attitude is bird in hand, master of my own destiny, give it to me now, and I'll take care of myself."

Moreover, the Federal Tax

"Bonuses give the manager more flexibility in relating total compensation to an individual's performance that year . . . they also avoid saddling a company with a pay increase that will last indefinitely to reward a superior performance that may end to-morrow."

more sensitive to performance. Revision act of 1969 has gradually raised the maximum tax rate on capital gains (applicable to stock-option profits) to 30 per cent, from 25 per cent. In addition, the act lowered the maximum tax rate on earned income, such as bonuses, to 50 per cent, from 70 per cent.

Bonuses can create problems, however, especially if they are poorly administered. Foote of McKinsey points out that if the money does not get distributed in the right proportion to the people who actually generate the profits, the bonus is a poor incentive.

Bonuses cost money. Aetna expects its plan for general employees will cost \$1.5m. a year, or a little under 1 per cent of its payroll—and the executive bonuses can total as much as 50 per cent of salary.

Some companies say they have evidence that the bonus plans are worth the cost. One of these is Progressive Industries, a photo-finishing concern. "People are making more money, and the company has made productivity gains of as much as 70 per cent," says Myron Stayman, Vice-President and Treasurer. (AP-DJ)

### YOUR BUSINESS PROBLEMS

## The right to compensation

Owing to a series of quite unrealistic offers by the local Council, it has taken me three years to get up a proper figure for some houses compulsorily purchased from me. During this time, of course, the values have risen greatly. Have I a right for any compensation for the less resulting from the length of time taken? Would this come within the jurisdiction of the EEC Council of Human Rights?

You cannot obtain compensation at a value higher than that at the property when the Council went into possession. Unfortunately there is no provision which takes account of inflation during negotiations about the compensation. You are entitled to interest from the date of entry, but nothing more. To appeal would be ineffectual now that the price has been agreed.

We do not think that this is a matter which you could have raised at the EEC Council or Tribunal on Human Rights nor would you get any redress there, as the jurisdiction is very severely limited, as is the process by which cases are submitted, and your case is not in any of the requisite categories.

### A termination payment

I have accepted premature retirement, and my contract of employment states that on termination I receive a sum of money equivalent to a year's salary. My employer has deducted tax. Was he right to do so?

Whether or not a termination payment at the end of an employment, or "golden handshake" as it is colloquially described, is fully taxable or subject to relief,

### Refusal of a new lease

The lease of my business expires in October and I have been formed by my landlord that he will be taking the premises back for his own business use. I have offered to pay a higher rent, but to no avail. Is there anything I can do?

Your lease is prolonged by the operation of Part II of the Landlord and Tenant Act 1954 until the process for terminating it in the statutory form has been complied with. This requires the landlord to serve on you a notice in the standard (usually printed) form giving you at least six months' notice to quit (even if your tenancy was for a term of years certain). You can then apply for a new lease, but the landlord may be able to resist such an application if he can establish a genuine intention to occupy for his own business and that he is not a landlord by recent purchase (within five years). The law is highly technical on all these matters, and as soon as you receive a six months' notice to quit you should consult a Solicitor. You need not do anything except tender rent at the old rate so long as you have no formal notice to quit.

### A sale 'cum' dividend

I have been asked to return a dividend paid to me on some shares I sold, received after the date of the sale, but in respect of a period before it. Must I refund it?

The sole question is whether the sale of your shares was a sale "cum" the dividend in question or not. In view of the demand for the payment over by you of this dividend, we assume that it must have been—which is what we should expect. But you could raise the question specifically with the broker and see what he says.

### Directors' service agreements

I asked to be allowed to examine details of service agreements of the directors of a subsidiary of a company in which I am a shareholder, but the secretary of the company said he was not obliged to give the information. Is this so? And is there anything I can do?

There is no requirement in law for the terms of directors' service agreements to be disclosed either to the public or the shareholders. You can raise the matter at the next annual general meeting and seek to persuade the directors to make the disclosure which you seek, but you cannot require it.

### Lost share certificates

Suppose that on the basis of a lost certificate shares are fraudulently sold, would the purchaser be entitled to be registered? What exactly do these indemnities required by registrars involve to those who sign them?

### Serving a blight notice

I understand that at some future date a house I own may be required for a road improvement scheme and that in consequence I can only obtain the sum granted for improvements. Can the Council be compelled to buy now and on what basis would compensation be given?

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible. No charge is made for this service except in relation to investment matters.

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